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ALBANIA

Opponent of Religious Schools Honored on Anniversary

21000019 [Editorial Report] Tirana MESUESI in Albanian of 6 February 1988, page 3, publishes an article by Iljaz Gogaj on the 55th anniversary of the death of Hile Mosi, a native of Shkoder, a strong supporter of Albanian national, nonreligious schools. According to the article: "Hile Mosi was a determined opponent of the religious schools which were damaging national unity and serving foreign imperialist policies. In a bitter polemical exchange in the press with one of the top Catholic leaders, Father Anton Harapi, he showed that he was a conscientious and determined anticlerical who knew very well the evils of the Catholic clergy. In this discussion he expressed, courageously and openly, his opinion that the Catholic clergy was a mob, the sickest spiritual element in the country. He expressed his conviction that the clergymen were demagogues with pessimistic views and were not able to educate the young, healthy masses. Understanding, better and better, the danger of the religious schools, Hile Mosi said: these schools, with their religious system and goals, are in complete conflict with our national education. Therefore, he sought to close those institutions which were harmful to the interests of the nation and of society."

/9604

BULGARIA

Decree on New Ministries: Tasks, Subordinate Units

22000035 Sofia DURZHAVEN VESTNIK in Bulgarian 20 May 88 pp 1-5

[Council of Ministers Decree]

[Text] Decree No 14, dated 9 May 1988, defining the basic functions and tasks of the Ministry of Economics and Planning, Ministry of Foreign Economic Relations and Ministry of Culture, Science and Education.

Council of Ministers Decree:

Article 1. (1) The basic functions and tasks of the Ministry of Economics and planning are defined in accordance with Appendix No 1.

- - - - (3) Specialized units under the Ministry of Economics and Planning are being established in accordance with Appendix No 2.

Article 2. (1) The basic functions and tasks of the Ministry of Foreign Economic Relations are defined in accordance with Appendix No 3.

- - - - (3) Specialized units under the Ministry of Foreign Economic Relations are being established in accordance with Appendix No 4.

Article 3. (1) The basic functions and tasks of the Ministry of Culture, Science and Education are defined in accordance with Appendix No 5.

- - - - (3) A State Fund for Assistance to Scientific, Artistic and Pedagogical Creativity will be set up under the Ministry of Culture, Science and Education. The fund's assets will be collected and expended in accordance with a regulation approved by the minister of culture, science and education and the minister of economics and planning.

Article 4. Before 30 June 1988 the ministers of economics and planning, the minister of foreign economic relations and the minister of culture, science and education will approve regulations governing the structure and activities of the respective ministries.

Georgi Atanasov, chairman of the Council of Ministers

Ivan Shpatov, chief secretary of the Council of Ministers

Appendix No 1 to Article 1, Paragraph 1

Basic Functions and Tasks of the Ministry of Economics and Planning

Article 1. The Ministry of Economics and Planning (MIP) is an agency of the Council of Ministers in charge of implementing a unified state policy and providing strategic guidance for the national economy under the conditions of self-management of socialist commodity producers.

Article 2. The Ministry of Economics and Planning will exercise its rights and obligations in providing state management, coordination and control over the proportional and effective development of the national economy, making use of economic methods and regulators in reaching the earmarked national objectives on the basis of the criteria for a qualitatively new growth and strengthening socialist self-management in the economy.

Article 3. The ministry's functions, tasks and structure will be defined on the basis of principles, standardization systems and methods, approved in accordance with regulations, aimed at ensuring a new quality in the country's economic and social development.

Article 4. The MIP will carry out its activities independently and by interacting with other state authorities, associations, trusts, banks, territorial communities and public organizations.

Article 5. The ministry's organizational-management structure will be such as to allow its units, on the basis of their specific functions, to implement all aspects of the unified policy of the state, in the planning, social, man power and other areas, the development of new production and territorial structures and specialization and scientific-production cooperation of our economy in the international division of labor.

Article 6. The MIP will draft the state plan and state budget and ensure their execution in accordance with the criteria of a qualitatively new growth and the leading achievements of scientific and technical progress by:

1. Organizing the formulation of studies, forecasts, concepts and programs for the development of scientific and technical, economic and social processes at home and abroad;
2. Formulating the objectives, pace and basic economic ratios and priorities in the development of the national economy;
3. Formulating on this basis the national balances—natural, labor, financial, foreign exchange and other, and their summation;
4. Formulating the draft state plan for the country's scientific and technical and socioeconomic development;
5. Drafting the state orders for structure-determining items and mastery of scientific and technical achievements of national importance by commodity producers;
6. Organizing and heading the coordination of the plans of the Bulgarian people's republic with the plans of the other socialist countries and the related socialist plan integration.

Article 7. The MIP will follow a strategic line in the structural reorganization and technological updating of the economy by:

1. Drafting corresponding plans and suggestions and defining the resulting priority areas;
2. Guaranteeing the implementation of projects and proposals through the drafting of the national balances for technological relations and the financing of the developments based on this balance, using the assets of the Structural and Technological Policy Fund;
3. Assisting and guiding international scientific and technical exchanges through the state's licensing policy by organizing the necessary studies in that area and coordinating international scientific and technical and production cooperation related to integration processes;
4. Drafting proposals on the development of specialized activities in production complexes and, together with the other competent authorities, supervise the implementation of the respective assignments.

Article 8. The MIP will implement the strategy and policy of the state in the areas of social development and enhancement of the living standard of the people by:

1. Analyzing the condition of and trends within the living standard of the population and among the individual social groups;
2. Organizing and guiding activities related to the formulation and execution of national comprehensive programs related to the people's living standards and perfecting the content, nature, quality conditions of the labor process;
3. Formulating a system of scientific consumption standards and recommendations on their application and execution through the state's and territorial communities' plans and budgets;
4. Organizing and coordinating the formulation of the basic problems of development of the nonproduction area and the reproduction of the population and the country's labor resources;
5. Providing state guidance and coordination of domestic trade and services;
6. Drafting national balances of commodity stocks and supervising the conditions in the domestic market;
7. Assisting in the formulation and solution of basic problems related to the protection and reproduction of the environment.

Article 9. The MIP will ensure the functioning and development of the economic mechanism in the course of managing the economy by:

1. Organizing the application and controlling the functioning of the overall system of economic conditions, standards and regulators governing the development of self-management and implementation of efficient economic activities, including individual and collective labor activities;
2. Providing methodical guidance in the drafting of legal regulations in the areas of planning, finance, prices and price setting and wages;
3. Drafting together with the other state authorities and with the interaction of self-governing organizations of proposals and projects for the improvement and overall updating of standards for the comprehensive application of economic regulators, such as taxes and subsidies for economic activities, taxes and fees paid by the population; disbursements; setting prices and formulating regulations for price setting by economic and territorial self-management agencies, within the limits of the ministry's rights and responsibilities as an agency of the state;
4. Imposing the required penalties in cases of violations of requirements and standards governing the application of economic instruments, standards and regulators;

5. Setting up, reorganizing or closing down self-managing economic organizations in accordance with its range of competence.

Article 10. The MIP implements its control functions over the fulfillment of the state plan and state budget and the application of the system of economic standards and regulators through its structural units and specialized state agencies, and by interacting with other state functional authorities by:

1. Analyzing the implementation of the state plan and state budget and the basic ratios and indicators of the development of the country, production complexes and territorial communities;

2. Of necessary, submitting to the government suggestions on the prevention or correction of adverse economic trends;

3. Assisting the self-governing economic organizations and territorial communities by creating conditions for the implementation of the state budget and state orders.

Article 11. The MIP organizes the issuing of coins, bank notes and valuables, in accordance with regulations.

Article 12. The MIP formulates customs policy, supervises customs control in the country and, within its range of competence, maintains and coordinates relations with other state and international organizations related to customs problems.

Appendix No 2 to Article 1, Paragraph 3

Specialized Units of the Ministry of Economics and Planning

1. Domestic Trade and Services Administration. 2. State Budget Administration. 3. State Financial Control. 4. State Price Inspectorate. 5. State Labor Inspectorate. 6. State Reserve Administration. 7. Customs Administration. 8. Economics and Management Institute. 9. Center for Training Leading Cadres for Economic Management.

Appendix No 3 to Article 2, Paragraph 1

Basic Functions and tasks of the Ministry of Foreign Economic Relations

Article 1. The Ministry of Foreign Economic Relations (MVV) is an executive agency of the Council of Ministers for the implementation of state policy in the area of foreign economic relations, on the basis of the objectives and trends of the socioeconomic development of the Bulgarian People's Republic and in accordance with foreign economic circumstances. It implements its activities in accordance with the principles and requirements of self-government and contributes to the systematic combination of the economic interests of individual self-governing economic organizations with the public interests.

Article 2. In accordance with state foreign economic policy, the MVV provides favorable conditions for the effective development of the country's foreign economic relations. To this effect, independently or with other state agencies it must prepare, ensure the signing with the respective authorities of other states and supervises the implementation of the following intergovernmental trade and economic agreements:

1. Long-term trade and economic agreements and protocols on trade and payments, direct relations and setting up joint enterprises and organizations for investment and credit cooperation and foreign trade prices with the USSR and the other socialist countries;

2. Bilateral agreements on trade and economic cooperation, state crediting, and agreements on customs cooperation, reciprocal promotion and protection of investments and other activities, involving nonsocialist countries;

3. Multilateral treaties in the areas of international trade and customs tariffs.

Article 3. The MVV organizes and provides services related to the participation of the Bulgarian People's Republic in CEMA activities. It drafts and ensures the conclusion and implementation of multilateral agreements on the implementation of integration measures, improvements of the mechanism of and socialist economic integration and coordination of trade and economic policy involving third countries and economic groups.

Article 4. The MVV ensures the participation of the country in the work of multilateral trade and economic organizations and organizations for the standardization of international commercial law.

Article 5. The MVV issues opinions and coordinates draft international and intergovernmental agreements assigned for drafting and execution to other state agencies, in the areas of currency-financial relations, taxation of foreign juridical and physical persons, international scientific and technical cooperation, international transports, supplying specialists and execution cadres, providing legal aid, etc.

Article 6. the MVV interacts with the MIP and the other state authorities in the formulation and implementation of the state strategy for the development of foreign economic relations and the application of economic conditions, standards and regulators in foreign economic activities by:

1. Analyzing and formulating forecasts on trends in the development of world economics and international economic relations and the situation on the main international commodity and regional markets;

2. Formulates suggestions and developments related to the long-term foreign economic strategy related to main markets and areas and to upgrading the efficiency and competitiveness of exports;

3. Participates in the formulation and application of rates of exchange and coefficients of the leva relative to other currencies, standards governing the offering and purchasing of nonsocialist currency, procedures and conditions governing foreign exchange and leva payments related to foreign economic activities, import customs fees and customs regulations, and conditions for crediting exports and investments abroad.

Article 7. The MVV interacts with territorial self-governing communities in the formulation of their programs for economic, scientific and technical and social development with a view to defining the tasks of these communities cooperating with the self-governing economic organizations in the implementation of their foreign economic activities.

Article 8. The MVV assists the self-governing economic organizations in the formulation and implementation of their market policies with a view to optimizing end economic results of their foreign economic activities by:

1. Providing enterprises and other organizations with information, analyses and forecasts on the global economy, international markets and related competition conditions and requirements;

2. Providing methodical aid in drafting market studies and programs to enterprises and organizations for the efficient development of their foreign economic activities;

3. Providing enterprises and other organizations with price guidelines on prevalent levels and correlations of prices at representative and promising international markets and methodical assistance in achieving optimal prices for exports, imports and economic cooperation and setting domestic wholesale prices on the basis conditions governing international prices;

4. Assisting enterprises and other organizations in directing their export activities and economic cooperation toward markets with good solvent possibilities, with a view to limiting and preventing currency and credit risks;

5. Aiding the structural reorganization and export orientation of the production process, as well as marketing (advertising, fairs and other measures contributing to the sale of goods by Bulgarian exporters).

Article 9. the MVV coordinates and controls export and import activities and economic cooperation of self-governing economic organizations with foreign partners in the following areas:

1. Rallying the efforts of self-governing economic organizations in attaining specific priority objectives in the country's foreign economic strategy by country and area, and in the efficient restructuring of foreign trade;

2. Helping the self-governing economic organizations implement their state plan assignments;

3. Preventing unfair competition between Bulgarian organizations on the international markets and optimizing end results of sales on foreign markets in accordance with the interests of self-governing economic organizations and the country's trade and political interests;

4. Facilitating the interaction among commodity producers in the implementation of major projects requiring coordination on the state level;

5. Controlling the state of contractual relations and discipline in imports, exports and other forms of foreign economic activities and the quality of exported and imported goods.

Article 10. The MVV provides methodical aid to self-governing economic organizations in the structuring and implementation of their plans for investment and industrial cooperation with foreign juridical and physical persons in investment cooperation and setting up mixed associations in the Bulgarian People's Republic and companies abroad and other investments; engaging in industrial cooperation, setting up consortiums, etc. The MVV studies suggestions formulated by self-governing economic organizations, issues opinions and coordinates projects prior to issuing permits for the conclusion of corresponding contracts.

Article 11. The MVV interacts with the Ministry of Foreign Affairs in the implementation of comprehensive initiatives and upgrading the efficiency of international contacts, implementing strategic developments related to national policy in the area of foreign relations and providing uniform guidance of unified missions abroad.

Article 12. The MVV ensures uniformity and coordination in the activities of the other state agencies performing foreign economic functions, acting mainly through the Bulgarian units in bilateral intergovernmental commissions for trade, economic and scientific and technical cooperation. The ministry provides overall guidance and control in the work of the bilateral commissions by supervising the closest possible interweaving of their activities with the foreign economic initiatives of self-governing economic organizations.

Article 13. The MVV provides efficient assistance to self-governing economic organizations in the selection, training and development of cadres engaged in foreign economic activities. The ministry coordinates the work of the uniform system for the rating, assigning and developing foreign economic cadres of self-governing

economic organizations regardless of the form of implementation of their foreign economic activities, on the basis of uniform criteria and requirements; it supervises the application of competition and election principles in the selection and appointment of foreign economic cadres and issues views on suggestions submitted by self-governing economic organizations on appointing, transferring, promoting and releasing senior foreign economic cadres.

Article 14. The MVV participates in the planning and organizes and supervises the selection, training and assignment of specialists in foreign economic relations, trained in the country or abroad. The ministry organizes and assists in upgrading the professional and linguistic skills of foreign economic cadres through post-graduate specialization and retraining, practice, courses, seminars, etc., in the country or abroad.

Article 15. The MVV guides and controls units performing foreign economic functions within the unified Bulgarian missions abroad in accordance with national interests and international legal commitments and responsibilities. The heads of these units may issue recommendations, demand information and coordinate the activities of representatives and units of self-governing economic organizations working abroad.

Article 16. The MVV formulates new and suggests the deletion or amendment of laws, regulates foreign economic activities, provides methodical assistance to self-governing economic organizations and issues instructions relative to their application.

Article 17. The MVV records import and export deals concluded by self-governing organizations as a prerequisite for their implementation.

Appendix No 4 to Article 2, Paragraph 3

Specialized Units of the Ministry of Foreign Economic Relations

1. International Economics and Market Problems Institute with Computer Center. 2. A school for training foreign economic cadres. 3. Quality Control Over Export Products Directorate.

Appendix No 5 to Article 3, Paragraph 1

Basic Functions and Tasks of the Ministry of Culture, Science and Education

Article 1. The Ministry of Culture, Science and Education is an agency of the Council of Ministers empowered to implement state policy in the spiritual area in attaining the strategic objective of establishing the Bulgarian People's republic as a highly developed and cultured socialist state.

Article 2. The Ministry of Culture, Science and Education is organized and functions with the following structure and management of the spiritual area:

1. Self-governing commissions for spiritual development will be set up by the municipal and oblast people's councils;

2. The Committee for Culture, the Committee for Science and Higher Education, the Committee for National Education and other collective self-governing authorities performing specific activities will operate on the national level as collective agencies of the self-governing organizations in the spiritual area;

3. The agencies stipulated in items 1 and 2 will perform functions related to the territorial and self-governing organizations on the national level.

Article 3. The Ministry of Culture, Science and Education will assist and interact with the self-governing authorities in the spiritual area and contribute to the establishment of favorable conditions for upgrading the spiritual standards of the nation, the fuller and harmonious satisfaction of the spiritual needs of the society and the individual, and the development of socialist democracy.

Article 4. The Ministry of Culture, Science and Education will:

1. Conduct a dialogue with the self-governing agencies in the spiritual area. It will use specific rules and standards, and economy ways and means such as to encourage the development of science, education and culture, outstanding accomplishments and high professionalism;

2. Assist the self-governing authorities in the application of the economic mechanism in the spiritual area;

3. Ensure the development of the spiritual area in accordance with its specifics, variety, national originality and educational and ideological purposes, organically combined with the achievements of world culture, science and education.

Article 5. The Ministry of Culture, Science and Education will ensure the implementation of state policy and strategy in the spiritual area by:

1. Participating in the drafting of the unified plan for the scientific and technical and socioeconomic development of the country and the state budget related to the spiritual area;

2. Assisting the self-managing agencies in the drafting of and submits to the Council of Ministers draft bills in the spiritual area;

3. Assisting in the formulation of long-term scientific and technical programs and standards for integrated development, efficient substantiation and utilization of the material and technical facilities for culture, science and education so that spiritual values may be disseminated among all settlements in the country and all social strata.

Article 6. By extensively involving the direct creators of spiritual values and specialists in the self-governing organizations, the Ministry:

1. Assists in utilizing the potential of state agencies and self-governing economic organizations in the spiritual development of the country;

2. Supervises the development of science and culture and upgrading the educational, professional and cultural standards of the young generation and all working people and the creation and dissemination of spiritual values;

3. Sponsors competitions for the execution of state orders.

Article 7. The Ministry of Culture, Science and Education implements the unified strategy for the communist upbringing of the working people and the young by:

1. Formulating standards providing the social, educational, material and technical and other prerequisites for the comprehensive and harmonious development of the young generation, its training and fulfillment under the conditions of scientific and technical progress; in this connection, use is made of the possibilities provided by the educational system, science, cultural institutions, literature, sports, the family and all state and social factors;

2. Drafting plans for comprehensive programs and criteria for the ideological, labor, patriotic, moral and aesthetic upbringing of the working people and the young and coordinating activities related to their implementation;

3. Suggesting measures aimed at discovering and utilizing the creative gifts of the young generation;

4. Showing concern for the popularization of the "Banner of Peace" movement;

5. Organizing activities related to population celebrations and ceremonies.

Article 8. The Ministry of Culture, Science and Education promotes international cooperation in the spiritual area and assists in the development of international cooperation by the respective self-governing organizations and coordinates activities in that area.

05003

Restructuring, Glasnost, Democratization, of Party Life Discussed

22000024 Sofia NOVO VREME in Bulgarian
February 88 pp 30-43

[Article by Associate Professor Momchil Todorov, Master of Philosophy: "Democratization of Party Life"]

[Text] The decisions of the recently held National Party Conference contain all the necessary reasons for bringing out and defining the further democratization of party life as a "pivotal" trend in restructuring party activities and a decisive prerequisite for practical implementation of the new model for the party's leading role developed during the July Plenum of 1987.

The practical requirements for the development of democratization transform the analysis of its nature, as well as the direction and elements of this process, into a pressing and highly important theoretical and practical problem.

Present Requirements

Under the conditions for our society's restructuring, the development of a democratic party process with new qualitative dimensions has become a pressing necessity within the party and for all of society.

Further democratization of internal party life is related, above all, to our country's quality transition toward a new model for structure and development of socialist society appropriate for the world's present realities, and which takes into consideration the specific historic resources and conditions of our country. The roots and prerequisites of this process are found in the historically predetermined transition from government in the name of the people into government by the people under the conditions created by the new model for our society's functioning and development as a self-governing system. The Communist Party, as an exceptionally important element and administrative nucleus of the socialist political system, cannot leave the restructuring of the system's framework and function on the principles of self-government outside its own development, the transition toward which is determined by the requirements of objective laws and above all, by the development of socialist democracy. "It is entirely natural that in the common course of further democratization of Soviet society, the questions on increasing democracy within the party must also be considered." (Footnote 1) The global process for further democratization of society on the principles of self-government assumes and includes not only an appropriate, but also a more dynamic democratization in the life of the political avant-garde of this process.

In the new social situation, under conditions for further maturation of the entire social system, public relations, and public administration, "the structure of the established political system is beginning to conflict more and

more definitely with the new principles of social development." (Footnote 2) One of the main conflicts of our development, the conflict between the effect of objective regulations and the antiquated types and ways of functioning used by the political system's basic elements, has emerged. Bureaucracy, parasitism, administrative methods based on commands, and the degraded and depersonalized role of class and the broad masses of the people as principle subject for socialist government, are specific expressions of this conflict.

The political system's antiquated structures and ways of functioning and the defects which have emerged, have had an unavoidable effect on the role of internal party life as a limited component of this system. In practice they appeared to limit and unify democracy within the party and to represent certain defects of the party's administrative function. Naturally, any further democratization of society on the principles of self-government will have both as a product and as a prerequisite the further democratization of the party's internal life and public functions.

The need for quality changes in the contents and mechanism of internal party democracy is determined most directly by the profound changes which must take place and are taking place in the manner in which the party's leading role is established under the conditions of quality new growth and socialist self-government. These changes mean that defects in the party's political leadership practices must be overcome decisively, and the new model for the party's leading role must be established.

Defects in the practical establishment of the leading role existed above all, in the party leadership of the political system, in the interrelations between the party and government organs, public, and other self-governing organizations and communities. In Fundamental Conditions of the Concept for Further Building of Socialism, it is specifically emphasized that in "a number of areas, a situation has been reached in practice where government has turned into unlimited government by the party with all the resulting consequences." (Footnote 3) In the government and administrative hierarchy, as stated figuratively in the Concept, party organs functioned as "the highest floor," as their principle subject and highest authority in deciding many cardinal questions which were outside their capabilities, and outside the substance and parameters of political leadership.

The defect, in this respect, appears both as taking away and as duplicating the rights and functions of public organs and organizations. Specific material, technological, technical, economic, production organization, and other problems and tasks were becoming subject to party administration, while at the same time government and economic administrative structures were created and given the corresponding authority to deal with them.

The practice of party organs to deal mainly with the material elements of production and rarely with the human factor as object, and at the same time as subject of political work, was almost universal.

The strong centralization of power, and the establishment of unlimited power for the party's organs and functionaries, are a final expression of the defects found in the relations between party and other elements of the political system. An acute problematic situation emerged where various party organs and functionaries assumed "the right to interpret laws in their own way and to violate them without punishment, to manipulate corresponding party organizations, and to promote defective methods causing great harm to the party itself and to the cause of socialism." (Footnote 4)

The negative, and in many respects defective, practice of "unlimited power" of party organs reflects negatively on internal party life as well. It leads to excessive centralization of party leadership, to the conversion of party organs into administrative centers, gives rise to and strengthens bureaucracy and red tape in party activities, and limits democracy within the party. The organs are turning more and more into instruments for "superproduction" of decisions which invariably reinforces the pursuit of self-serving goals and gives rise to a special kind of "inflation;" it leads to unchecked increase in the number of unnecessary meetings, decreases the possibilities for productive practical work, and most of all, damages the Lenin style of leadership.

The overextended and bureaucratic party apparatus and its encroachment on the rights and functions of elected party organs are a direct result of defects in the practice of party leadership.

Further democratization of the party is necessary to serve as a barrier against defects in the political leadership and as a main internal party prerequisite for the establishment of the new model for the party's leading role. Under the new conditions, only a democratic political party leadership is possible and necessary; a leadership which is not expressed as unlimited and endless power and is completely free from administrative methods based on commands and from taking away and duplicating the functions of other public, political, and self-governing structures. It follows that the party can confirm and apply a democratic style of leadership only on the basis of continuous democratization.

The needs of the party's own development and reproduction as an active political organism also determine any further democratization of its internal life. Only by enriching its democratic principles and mechanisms will the party develop, consolidate, and strengthen its ideological, political, and organizational plan as a vital and operationally capable political force.

Democratization of internal party life in its present aspects is necessary and possible, above all, to enrich the substance and broaden the reach of basic democratic principles, to achieve new levels of their regulatory influence, to improve and change the regulations, methods, and forms of democratic party relationships and interactions.

This process, however, cannot and should not be reduced only to achieving qualitative changes within the limits of established principles and regulations. It transcends these limits and can be expressed also in the establishment of new principles, regulations, and procedures which reflect qualitative changes of the substance, reach, and form of democratic relations within the party.

An essential distinctive feature of this process, together with its objective determination, is its organized and goal-oriented development. Democracy, which is objectively necessary and naturally included into the party's framework, is not given once and for all as a hard set system which automatically implements itself. Manifesting itself as intense activities and constant interactions between the party's leadership and its work, the development of democracy within the party takes place as a regulated process. Its development depends a great deal on the way its regulation levers are used, that is, whether democratic principles and regulations are in fact followed and applied and whether all tools of democracy are being used.

Overcoming dialectic and subjective conflicts in the party's internal life is another characteristic feature of its present democratization. It takes place on the principle of democratic centralism, through the dialectics of democracy and centralism, and through an uncompromising fight against defects in the principle, which are mainly bureaucracy and formalism.

Democratization of party life under the new conditions will be successful if it takes place as a comprehensive process. It will be comprehensive when the qualitative changes of democratization enter all spheres of party life. It will be comprehensive when at the same time the democratic formation of leading party organs is improved and reinforced, when the democratic principle used to determine and implement the political line of action is broadened and intensified, and when all party members and organizations become more active in discussions and problem solving, as well as in the practical implementation of decisions.

Trends, Tendencies, and Barriers

There are many versions of the democratic process within the party from the point of view of its substance and direction. In addition, a number of situations set the pattern for one or another type of emphasis during its course and pre-determine the priority of certain trends

and tendencies. Some of the most pressing, acute, and significant problems of the party's democratic process will be analyzed here without ordering them according to degree of importance.

Expanding and reinforcing the collective principle in a substantive way is emerging as one of the key trends of the present party life democratization. And it is not because collective party organs do not function regularly, nor because of lack of collective discussions and decision making. All this is long standing party tradition. All types of collective party forums, considering their structures vertically and horizontally, are not only held regularly, but present and discuss the most important and cardinal problems on the development of society and the party itself. Nation-wide and party-wide discussions on important projects for party documents and decisions are becoming a tradition. The practice to attract an increasingly larger circle of communists to study problems and to prepare projects for collective discussion and decision making is becoming standard activity for many party organs. This positive tendency to reinforce collectivism has many other practical manifestations and dimensions.

This, however is only one side of the process and only one tendency. The other, which is in great conflict with democracy and regrettably, not in a dialectic manner, but in a destructive and negative one, is the tendency to increase formal collectivism. Or, perhaps it is better to say, collectivism is established only formally and is quite insignificant in substance. A number of regulations dealing with collective principle are followed only as mere formality, and not according to their substance.

Formal collectivism manifests itself in many different ways within the party. It is not only passive attendance of collective organ activities and collective forums, not only indifference for the problems under discussion, but also meaningless speeches, making empty statements, lack of personal opinion, and conformist attitude in accepting the "official" position on the proposed projects and suggestions.

Accepting leading decisions according to the majority is a fundamental and normative expression of collectivism in party leadership. In practice, there is hardly a case (or it occurs very rarely and is therefore insignificant) where a project is voted on and is accepted without majority. This, however, is the external side of collectivism; we do not always find behind it the actual collective position, formed using true collective dialogue in the process of project development and evaluation, and by well-founded defense of one's personal position, including cases of controversy and confrontation regarding alternate positions and projects.

In most collective party organs, the accepted by the majority decision is a true reflection of collectivism and democracy only in the presence of agreement between the actual position and the will of the collective party organ.

A question, very important and interesting both in theory and practice, has emerged in relation to this. It deals with the evaluation of the position and suggestions by the minority, or a single party member, when they are considerably different from the collective decision. According to democratic methods, this position should not be "anathematized" nor ignored when it does not contradict neither the creative spirit of Marxism and Leninism, nor the general political party line. In such a case it is not impossible for the position and suggestions of the minority to become the position and will of the majority in the future. According to democratic centralism and the development of the democratic process in the party, opinions and especially actions directed against any collectively confirmed strategic course, against the principles and spirit of Marxist-Leninist theory, and most of all, against the party's unity and operational efficiency, are to be rejected.

Democracy, however, not only does not reject, but requires the existence of conditions under which every party member, according to the principles, regulations, and methods for internal party relations, may defend his positions and suggestions before all party forums, but in a way which does not undermine party unity and does not hamper the work on collectively determined goals and tasks. In such cases it is necessary to make an exceptionally careful and precise analysis of the specific situation in which different personal positions are defended, as well as their possible and true repercussions and sequelae.

Formal collectivism goes through a number of transformations. One of them is "covering up in collective clothing" problems already decided beforehand. Such a situation arises most often when problems are worked up beforehand by the staff without true participation by the broad party masses, or by leading officials of party organs without the active participation of their staff. The effect of widely held consultations and discussions without later implementing their conclusions and inferences into decisions and actions, is parallel.

Overcoming the elements of formalism when establishing collectivism must be considered a constant and necessary task for further democratization within the party, because the tendency toward formal collectivism shows a certain persistence and certain predisposing conditions and factors.

Strengthening and enriching the collective principle in party leadership may possibly be hampered by other counteractions and problematic situations. In practice, cases exist in which a collective decision is reached under "pressure" from above. It is a lesser evil when this pressure is caused by the sluggishness or helplessness of the given collective organ, but even then it has negative effects. Collectivism and democracy become greatly limited and eroded under rough pressure which ignores and rejects the collective position and will.

Collectivist requirements may be used to confront the possible practice of pre-planning the decisions of key problems not according to collective party and political work procedures, but through the activities of "informal" groups and centers set up within or outside the framework and truly capable of influencing "officially" confirmed and functioning collective organs. Of course, there is nothing anti-collective and harmful when the ideas, concepts, and suggestions are correct and formed in a way that contributes creative impetus to collective work. Quite the opposite. But when they lack sufficient foundation (and what is more important, are incorrect) and are capable of persuading the joint party leadership, then collectivism will suffer inevitable limitations and defects. In such a case, during the selection of alternatives to be considered in collective decisions, the domination of group, personal, and even incorrectly expressed common interests is possible with all the inevitable negative consequences.

This problem is naturally related to another: the problem of dialectic correlation between collective and personal contribution to collective leadership. The latter does not exclude, but quite the opposite, assumes that there will be personal contributions and ample utilization of the qualities, abilities, and contributions of the individual. It is known that collective work is not anonymous; it does not mean that all members of the collective organ do everything, and it does not mean that individual merit goes unrecognized. But even though it is right to respect and value individual contribution to collective work, excessive emphasis on personal merit for successful work and ideas should be avoided (even if they do belong to a single individual) because they are the direct result or were made possible thanks to the collective organ.

Regarding personal initiative, collectivism should neither be a barrier nor a deterrent. Opposition to such initiative is necessary when it conflicts with the collectively established line, when individual party workers exceed their mandate, or use it to their advantage, and when they arrogate to themselves or completely disregard the contribution and initiative of the collective organ or other party workers.

Further reinforcement of the collective principle depends most directly on ensuring dialectic unity between collectivism and responsibility in practice. Wherever collective, and above all personal, responsibility is truly sought and carried, is where the process of real collective leadership takes place. Because collectivism by nature is unity of rights and responsibilities, and of words and deeds.

The party as an entity carries collective responsibility historically before society. At the same time it is responsible for its members. Collective responsibility is an expression of democracy when the collective organ is responsible to the organization, that is, to those who have delegated to it their will and their authority.

Collective responsibility, however, always contains and must be accompanied by personal responsibility. "Just as collectivism is necessary for the discussion of basic principles," says V. I. Lenin, "personal responsibility and personal decisions are necessary to avoid time wasting and refusal to accept responsibility." Footnote 5) Collective party organs are not impersonal and amorphous. And just as it follows to recognize and value personal merit and personal contributions, we must also seek personal responsibility. Besides, it is necessary not only in implementing, but also in making administrative decisions. When unfounded and wrong collective decisions are taken, the personal "contribution" is also a factor.

Usually in such cases, as seen in practice, personal responsibility is sought insufficiently and quite often there is a tendency to shift the blame to the collective organ. Cases of the reverse also exist: when an individual party worker takes the blame instead of the organ. Situations where personal responsibility is "diluted" with that of the collective organ or where collective responsibility is dumped on a single individual, should not be permitted in principle. In these times of change, it is necessary to take decisive steps to prevent attempts to disregard collective decisions and positions.

True collective principle does not exclude, but assumes high level of operational efficiency from party organs. Staged collective forums full of cliches and empty boring monologues are highly extrinsic to true collective principle as is turning them into "mere places for talking" which is just an imitation of democracy.

The establishment of equality of internal party relations on all levels of party structure, reinforcing their adherence to principle, and improving party comradeship is another substantial and very pressing trend of the democratic process within the party. Statute guarantees for organizational and political equality among all party members were increased by adding Article 15 to the Statute during the 13th Party Congress.

It is required by the Party Statute that relations among communists be built on adherence to party principle, sincerity, comradeship, and mutual support. "All members of the party are equal; neither privileges, nor limitations on the basis of position, past, merit, or education are permitted." (Footnote 6) This exceptionally important principle requirement is a reflection of democracy in internal party relations, and at the same time, an organizational and political "lever" for its practical implementation. Making sure that it is in fact followed, however, has been confronted with significant difficulties. Overcoming them is an important and pressing problem.

Above all, this problem is reflected not too rarely in hierarchical interrelations, especially between party leaders and rank-and-file communists. We are speaking of hierarchy not as an element of centralism, in which case

it is inevitable and must always be democratic in practice, but of hierarchy expressed as preoccupation with rank, inaccessibility, conceit, lack of consideration and disregard for "those not vested in party authority."

The metamorphoses of a hierarchy, uncharacteristic and contradictory to the nature of internal party relations and of the complete control of superior party organs and functionaries, are many. The fight to eradicate them is complicated, but a necessary and all-inclusive party obligation. Among the most important tasks of this fight is to discontinue the negative influence of defective official, work, and personal relations within the party and to exchange them with official relations resulting from administrative order and others.

Reinforcing equality among party members and organizations is very closely related to overcoming manifestations of alienation among party members, and of overcoming individualistic, egoistic, and crudely materialistic considerations as motives for their relationships. Apathy and indifference toward party work and conduct, and toward discussing problems and finding ways to resolve them, erode equality of rights and responsibilities and democracy in general. Overcoming them must be constant goal and subject for party concern and effort.

True guarantees for equality within the party must be ensured on all structural levels by consistently respecting the rights and preventing the taking away of rights by anyone, which can be achieved if everyone whose rights they are, that is every party organization, party organ, and individual communist, actively defends and uses these rights.

Under the conditions of restructuring party activities, the need for further development of party criticism and self-criticism has grown significantly. According to this exceptionally important trend, the democratic process within the party is based on both clear Marxist-Leninist concept and established traditions. As principles and methods of party leadership and as regulators of internal party relations, they are naturally woven into the substance and mechanism of democratization and their condition is an important indicator and factor in its development.

The spirit of criticism and self-criticism in party life, which now should be reinforced even further, has some solid accomplishments, but there are also some important barriers. The method of criticism and self-criticism is strongly and productively present in the 13th Party Congress documents, and those of the July and other plenums of the Central Committee of the BCP which took place after the congress, showing its enormous constructive potential. "The time has come," noted Comrade T. Zhivkov in his introductory speech at the 13th Party Congress, "to elevate criticism to a place worthy of one of the moving forces of our development." (Footnote 7)

Acute problems have emerged by establishing criticism and self-criticism as moving forces in the present development of society and the party. During this development, many organs and party workers are unable or fail to use them as a tool to detect and resolve conflicts in a timely fashion. Use of criticism and self-criticism is often limited to finding errors, weaknesses, and deficiencies in various activities and in general, without the necessary probing into the causing factors, and without seeking and recommending ways and means to overcome them.

Critical and self-critical analysis and synthesis of general social and internal party processes and phenomena which expose the basic reasons for conflict, uncover the main tendencies, and recommend a variety of alternative decisions and actions, are exceptionally necessary at the present time. This can be achieved only when this analysis and synthesis are based on scientific principle, on reliable and analytical information, or, in other words, when criticism is based on objectivism and solid, information-founded certainty.

The development of criticism and self-criticism in party life and activities is directly related to maintaining the necessary conditions for achieving this goal in every organization, interrupting any attempts to persecute because of criticism, and eliminate any violations of the statutory right to criticize. "Environment in which all communists can freely and conscientiously express their opinions" (Footnote 8) is necessary which should stimulate high level of activities and the spirit of criticism and self-criticism. It is exceptionally important to follow systematically and uncompromisingly the requirement according to Article 3, paragraph "v" ["v" is the third letter of the Cyrillic alphabet] of the Party Statute which states that anyone who oppresses or persecutes another because of criticism will be prosecuted by the party, and possibly even expelled from the BCP. The problem with the content purpose of criticism and freedom of criticism is closely related to the right to criticize and the conditions under which this right is exercised.

Freedom of criticism is an exceptionally important principle position. Marxist-Leninist theory, however, has proved and party experience has confirmed long ago that this freedom is not the same as "unbridled abuse of freedom;" it is not without measure, nor some related limits. There is total freedom of criticism, but it is for principled, constructive, most of all, consistent party criticism. According to party theory and practice, views and actions presented as criticism but directed against the program goals and unity of the party, have always been rejected.

Lenin's motto is: Freedom of discussions and criticism, and unity of action. "Everyone is free to write and speak about anything he wants without any limitations. But every free union (including the party) is also free to rid itself of members who use the party structure to spread anti-party views.... The party is a voluntary union which

would fall apart immediately, first ideologically, then materially, if it does not remove those members who publicize anti-party views." (Footnote 9)

In relation to this, the question of criteria becomes exceptionally important; that is, from what positions can the ideological and political meaning and purpose of a given specific position or action be evaluated correctly? "The party program serves to determine the borderline between pro- and anti-party, as well as tactical resolutions of the party and its statute, and most of all, the entire experience of international social democracy." (Footnote 10) The problem here is not whether the criterion is correct and clear, but whether it is applicable in practice. An exceptionally careful and precise analysis of every specific case is necessary considering this criterion, so that no faulty evaluation of fair and basically principled criticism is permitted, and that no unfounded accusations of unscrupulousness and anti-party sentiments are allowed.

The dialectic interaction between the critical attitude and collectivism of party relations give a powerful impetus to the democratic process within the party. "Efficient and useful criticism cannot exist," G. Dimitrov taught, "if all party and national problems are not discussed and decided collectively, and if we do not listen to the collective reason and experience of the party." (Footnote 11) Criticism and self-criticism must now more and more often sound loudly from party platforms; criticism in private, or as we say "out in the lobby," must be practiced less often because it tends to degenerate into captiousness.

Further development of criticism and self-criticism within the party is based on improving the manner in which it is given and received. It is still accompanied by a great deal of primitivism, dominated by emotional reactions of rejecting even the most innocent critical remarks and suggestions, by unnecessary pride, and unfounded dramatism. Broad ideological, political, moral, psychological, and linguistic education is necessary to implement criticism and self-criticism as true democratic tools for party activities and relations.

Under the conditions of transition toward self-government, **glasnost and public openness** of party life must acquire new dimensions, both in breadth and depth, as a true principle of its democratization and one of the basic trends to reinforce such democratization. Soon, a number of acute problems must be resolved in practice. In spite of the continuously increasing glasnost and openness, information about specific decisions made by party organs is inadequately timely in reaching all party members and let us not even discuss collective work teams. The main reason is that many of these decisions are made just for the sake of making decisions and there is insufficient specificity in political work.

The undefined syndrome of "fear" from more complete openness to the public and glasnost about all party activities is active and is motivated by the possible danger to the operational efficiency and unity of party organizations. In certain cases there is personal interest not to achieve much public openness and glasnost.

The true and necessary for the party public openness and glasnost avoid subjectivism in evaluating facts about party life for publication, avoid reflecting inaccuracies, sensation and intrigue, and everything which may harm the party cause and unity. Glasnost also means responsibility; responsibility to tell the truth.

From the point of view of substance, goals, and even of forms, party life should be open to collective groups and to society. It should be open, but not watered down and depersonalized. Party life must have transparent glass "walls" so that everything which goes on inside can be seen.

Increasing glasnost is closely related to the study and reflection of general party opinion and the political feelings of the workers as a whole. It is an exceptionally important factor of the democratic process in the party. By studying the general opinion and feelings, communists and workers participate indirectly but effectively in the development and determination of the political action line, and in the analysis and evaluation of party life. Because of this, it is necessary to maintain systematic political contact with party members and all workers, to understand their thoughts, aspirations, and emotions, to study systematically their positions and attitudes toward the most important and pressing social problems through information systems and sociological studies, and thus form the collective mentality and experience of the party and the people.

Under the conditions of our society's transition toward self-government, one of the most vivid manifestations of internal party development of democracy should be increasing the autonomy, independence, and the initiative of party organizations in making decisions on local issues. Problems which will emerge in the life and development of self-governing, territorial, and production communities cannot be resolved successfully in the old way, that is, by getting instructions specifying even the smallest details under the guardianship of higher party organs and above all, the party apparatus.

The autonomy and independence of PPO [Primary Party Organizations] and local party organs are now especially necessary as a factor in establishing self-government of collective work groups, municipalities, and regions, and as a condition of "opening" PPO and party organs for the energy and creativity of communists and all workers. To reinforce them even further, it will be necessary to limit extensively or eliminate excessive and superfluous regulation of party life and to convert these structures into self-governing organs of the party organizations from which they were formed. It is especially important

to achieve quality new levels in initiative and creativity for every organization, and to increase its organizational and political capability so that it can discover, analyze, and solve its own internal and leadership problems.

To reinforce the autonomy and independence of PPO and local party organs, as well as to restructure all party activities, it is necessary to establish conditions and guarantees for full implementation of their rights, obligations, and responsibilities, and to eliminate every attempt to take them away.

To analyze comprehensively party life democratization, it is necessary to define, even hypothetically, the basic trends from the point of view of the relatively isolated spheres in which it takes place. Under the new conditions, it is necessary to reinforce democratization in regulating party membership. The most important thing here is to avoid taking away the PPO's rights and responsibilities in the selection and acceptance of new members, to free completely centralized regulation from administrative elements, and to open this process more widely to participation by collective work groups. Precisely they are the ones that are best acquainted with the candidates' true qualities and worthiness whose recognition by the collective group should be considered as one of the most accurate character references.

Further democratization of the specialized work of party organs is emerging as one of the most significant democratic process trends. The basic elements of this process are: a) to elevate the role of PPO in selection and promotion of personnel by making the administrative duties of the collective group their designation, while personnel designated for the municipal and regional committees are to be discussed first in the PPO, of which they are members, and any attempts by higher organs to impose other candidates by administrative pressure or by giving orders, are to be rejected; b) thorough preliminary evaluation of the qualities of potential candidates and of the opinions and evaluations of the collective group where they work; c) to ensure organizational and political conditions for direct and true participation by all workers not only in conducting elections, but also in the selection and promotion of candidates for various administrative functions in different spheres of public life.

Under the new conditions a need has emerged for further democratization in the formation of administrative party organs by improving accounting and election procedures and by enriching the content of the election, accounting, systematic renewal, and continuity principles of the staff of these organs.

It is exceptionally important to repeal the bureaucratic practice of selecting project staff by first getting specifications and approval from higher organs without requesting and considering the communists' opinion.

Practical efforts and actions are necessary for consistent application of the principle requirement of this process to actually form administrative party structures from the bottom up.

Conditions are ripe to regulate and guarantee renewal normatively while conserving continuity, and also possibly to accomplish this by passing a certain number of mandates. But it is not the number of mandates or other norms which by themselves will guarantee the necessary and expedient renewal. It is very important to maintain in the party conditions and real possibilities for renewal when it is truly necessary.

An exceptionally important requirement in this process is the renewal of elected staff and the apparatus of party committees at the same time. Experience accumulated until now shows that renewal of elected staff without changes in the apparatus limits the restructuring effect.

Prerequisites and Factors

Democratization of party life as an organized and regulated process requires purposeful concern and action by party organs and organizations to ensure the positive influence of its basic factors and to establish and maintain the necessary conditions for this.

It is necessary to note, above all, the need to develop self-government of society and democratization of the party as unified and mutually dependent processes.

Internal party democratization is achieved as a confirmation factor of self-government by transferring the democratization of relations, style, and atmosphere in party organizations and collective work groups to territorial self-governing communities. At the same time (this is also the main subject for consideration) implementation of self-government stimulates further democratization of party life. The participation of party organs and organizations in the formation of self-governing communities and their organs help implement the principles and mechanisms of self-government, and help fight recidivism of bureaucracy and formalism; all this is active training for the democratization of party life.

Changes in the content and manner of implementing the party's leading role under the conditions of self-government are now one of the most active democratization factors of party life. Freeing the party from functions and tasks not belonging to it as a political avant-garde, and placing its interrelations with the national government, self-governing communities, and community organizations entirely on the principle of political leadership, requires strengthening the political principle and content of its internal life and further reinforcement and development of internal party democracy.

The implemented changes in the party's organizational structure should give a strong impetus to the democratic process. These changes set the party structure in complete conformity with its nature as a self-governing higher form of political organization. The goal is for structural changes to create conditions where party organs are formed and established as organs for party self-government.

Structural changes in the party organism are directed toward restructuring the relations and interactions among its various structural elements. True organizational preconditions are being created to overcome the methods of bureaucratic centralized influence by higher party organs, and to eliminate taking away of rights and functions from lower party organs. The formation of commissions and the true decrease of the party committee apparatus significantly increase the parameters of party democratization. Commissions organize and do their work as administrative and executive party organs mainly with the public and with a minimum number of paid employees. Decrease of the apparatus and its function exclusively as an auxiliary organ, not only for the given committee and its commissions, but also for the lower party committees and organizations, eliminates the possibility of its taking away their rights and functions.

Improving the organizational structure will be a valuable factor in democratization only if combined with the reinforcement of democratic leadership style in the interrelations on all structural levels. Recidivism of excessive, almost bureaucratic centralism, and the superfluous and highly formalized paper pushing will not only limit, but may also eliminate the democratic effect of structural changes.

The success of the democratic party process under the present conditions will depend most directly and mainly on implementation and further enrichment of education about democracy in party interrelations. This education is a complicated phenomenon and for this reason we will note here the significance of only some of its factors. Education about politics, ideology, organization, and law is a deciding prerequisite for democratic relations and democratic style within the party. The lack of such education is often found as the basis of bureaucracy, abuse of power, preoccupation with rank, and lack of responsibility. Education about party democracy which has been accepted and transformed into democratic party style, rejects the style based on commands and pressure from above, and does not permit organizational vagueness and empty talks instead of practical actions. (Footnote 12)

An especially important factor for further democratization of party life is the improvement of the quality of internal party dialogue. At the center of every debate and every discussion we must find not only the subject, i.e. the contents of the debated problem, but above all the way to solve it. True and correct party conclusions are

reached when all those "for" and all those "against" have been heard. This democratic procedure should not be disrupted, regardless of whether individual elements or the minority are satisfied with the outcome of the discussion.

A much higher level of education in polemics is necessary. Inability to listen to the opponent's proposals and arguments, and manifestations of intolerance for someone else's different opinion, are often seen. It is exceptionally important to show tolerance and loyalty to all during a debate, and to defend one's own point of view persuasively, by using the logic of truth. A resolute rejection of the utilization of formalities and bringing up one's qualifications as arguments and tools for debate, is necessary.

The development and enrichment of the democratic process in the party under the conditions of self-government will be that much more successful if they are implemented to a much higher level as truly political creative work by the entire party. The national party conference, the July and November Plenums of the Central Committee of the BCP of 1987 have established the necessary theoretical and political prerequisites. It is now required to transform their formulations and decisions into a way of thinking and a motive for leadership and action of all organs and organizations, and of every communist.

Footnotes

1. M. S. Gorbachov, "About Restructuring and Personnel Policy of the Party," S. Partizdat, 1987, p 39.
2. T. Zhivkov, "Basic Trends of the Concept for Further Building of Socialism in the Bulgarian People's Republic," S. Partizdat, 1987, p 92.
3. Ibid., p 91.
4. Ibid., p 92.
5. V. I. Lenin, "Complete Works," volume 39, p 410.
6. Statute of the Bulgarian Communist Party. S. 1986, pp 32-33.
7. Thirteenth Congress of the Bulgarian Communist Party, S. Partizdat, 1986, p 28.
8. T. Zhivkov, "Report of the Central Committee of the BCP at the 12th Congress of the BCP and about Forthcoming Tasks," S., 1981, p 118.
9. V. I. Lenin, "Complete Works," volume 12, p 98.
10. Ibid.
11. G. Dimitrov, "Works," volume 14, p 117.

12. See M. S. Gorbachev, "October and Restructuring. The Revolution Continues," daily Rabotnichesko Delo. 1 November 1987.

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POLAND

POLITYKA Weekly News Roundup
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No 20, 14 May 88 p 2

[Excerpts]

National News

What do we think about strikes? The Public Opinion Research Center presented the results of surveys of the residents of Warsaw (on 5 May 1988). Of the respondents, 62 percent judged strikes to be improper; 25 percent justified them; and 13 percent had no opinion. Of the respondents, 66 percent answered that strikes lower the standard of living, and 14 percent said they improve it. On pages 4 and 5 we discuss the events of the last week associated with the strikes in the Lenin Steelworks in Krakow, the Lenin Shipyards in Gdansk, and at the universities and municipal transit system in Bydgoszcz, where the voivodship council took up ways of finally resolving the conflict. Krzysztof Teodor Toeplitz and Daniel Passent also comment on these events.

Extraordinary powers for the government were the subject yesterday of the OPZZ Executive Committee and the Socio-Economic Council of the Sejm. The trade unionists demanded the Council of Ministers itself introduce corrections into the proposed law removing from it limitations on the trade unions. Alfred Miodowicz announced at a press conference that if the government does not take their opinions into account he will call a meeting of the OPZZ Council in order to take action to organize a Third OPZZ Convention. (Its participants would be delegates to the congress totaling 1,500 individuals.) After a discussion, the Socio-Economic Council gave positive marks to the government proposal (10 votes against, 17 abstentions among about 200 participants in the deliberations), proposing many amendments, however. Also the Sejm commissions, meeting jointly, also accepted the government's proposed law for extraordinary powers and authorizations for the Council of Ministers with deputies revisions with one abstention.

On Jasna Gora, the Polish Episcopate held its plenary conference. In a communique from the meeting we read, among other things: "The authorities cannot lack the courage to carry out the necessary reforms generally expected by society. Society cannot lack the readiness to work hard and honestly and even to make the essential renunciations for the good of the people." The bishops acquainted themselves with the work of the joint government-Episcopate commission and especially with the results of the group which is preparing the permanent

legal regulations between the Church and state which are to lead to establishing diplomatic relations between the Vatican and the People's Republic of Poland. The day after the conference of the Episcopate there was a meeting of the joint commission which stated that its work on the proposed convention between the People's Republic of Poland and the Apostolic See had been finished, which will make it possible for talks between the government and the Vatican to begin.

The congress of the Association of Polish Architects elected new authorities. Prof Ryszard Samka of Gdansk was elected president.

The fourth round of talks between the Nation Union of Farmers, Agricultural Circles, and Agricultural Organizations and the minister of finance took place in front of the Collegium for Social Arbitrage in the Warsaw Voivodship Court concerning their dispute about income parity. Decisions have not been made; the parties are to present new proposals by the end of May.

An announcement by the Press Office of the Episcopate and the press spokesman of the Ministry of Foreign Affairs on the case of Kornel Morawiecki. As a result of the intervention of the Polish Episcopate at the request of the family, he was released from temporary arrest on 29 April 1988 due to his poor health. The authorities of the People's Republic of Poland agreed to make it possible for Kornel Morawiecki to begin treatment in a special hospital in Rome. On the basis of a passport permitting multiple entries to and exits from the People's Republic of Poland, Kornel Morawiecki left on 30 April for Rome. On 2 May he resigned from hospitalization in Rome and said he wanted to return to Poland, from where he was sent in return to Vienna from the Okęcie Airport in Warsaw on 4 May 1988 by the authorities. Kornel Morawiecki's right to return to Poland was clearly demanded by the church and accepted by the authorities. The spokesman for the Ministry of Foreign Affairs explains that Kornel Morawiecki was arrested temporarily in November 1987 accused of participation in a criminal group smuggling materials and equipment of a terrorist nature. In view of the humanitarian aspect of the issue, the state authorities agreed with the suggestion of the church. By court decision, criminal proceedings were suspended for the period of treatment. K. Morawiecki and A. Kolodziej agreed to travel abroad. They themselves declared a 12-month stay abroad. K. Morawiecki did not submit to treatment and after a few days abroad and having conducted talks with representatives of foreign, anti-Polish centers, he decided on 2 May 1988 to return to Poland.

A store with videotapes of films, reportedly the first in the socialist countries and surely in Poland, is selling cassettes of foreign films for dollars and bony. A cassette costs \$25 to \$39. Look in Warsaw on Krakowskie Przedmiescie.

Opinions

Maciej Dubois, lawyer:

[Question] Your father fought for the socialist order. You as a lawyer have more than once defended individuals abused by the order (who considered themselves such). Does this not bother you?

[Answer] It does bother me, for every human suffering must be like this. But this is not the point. I help in the observance and understanding of socialist legality. Without a lawyer acting on free principles, legality would not exist in any order, and in a socialist one, I will risk saying, this is especially the case. Taking care that the accused has the full rights to a defense leads to the implementation of this legality. I venture to say that Polish lawyers have done much in this area; they have counteracted the threats; they have protested against violations of the law.

(Interviewed by Czeslaw Adar, KURIER PODLASKI 29 April 1988)

Jerzy Lucki, president of the Lodz Development Bank, Inc.:

[Answer] ...The bank exists to circulate money. I think that this is precisely why we will be attractive, because we will lend. We want to make short-term, working-capital loans to profitable enterprises in temporary financial difficulty, due to the fact that some client has not paid on time. We are also offering investment loans. How we determine the reliability of a client, his ability to pay the debt, will be an innovation. As in the West we will operate with the concepts: a reliable client and a preferred client. The opinion "most reliable" will entitle a client to open-ended loans at the lowest rates. Obviously, one of the criteria for this evaluation will be whether the client holds our stock.

And is there enough money for all? It must suffice, for applications for stock continue. We will open the vaults when we have collected 1 billion zloty.

(Interviewed by W. Mieczkowski, DZIENNIK LODZKI 29 April 1988)

Andrzej Czyz, head of the Ideology Section of the PZPR Central Committee:

[Question] ...Do you not fear that the opponents of the reform among some scientific groups, at least, will not manage the preparations and course of the All-Polish Ideological and Theoretical Conference so that we will not find too many justifications for the reform?

[Answer] ...During the course of the preparations for the conference especially in discussions about its conception various points of view have appeared among them are some that do not favor a bold approach to new problems.

One can characterize them as follows: scientific thought has not matured yet to large theoretical syntheses, to generalizations of the new phenomenon in the socialist world, changes with which we are now dealing. We cannot precipitously formulate new theoretical theses; thus the supporters of this position say, we must primarily depend on those theses already tested. The cautiousness that derives from the thoroughness of the researcher is by all means worthy of admiration. But if it is accompanied by proposals that close themselves within the current circle of theses and judgments, denying the right to experiment only because a portion of science is helpless in the face of the changes occurring, then such an attitude becomes an obstacle to essential transformations. The group responsible for conference preparations, in particular the central committee leadership of the party and the Ideological Section of the PZPR Central Committee, are working on the preparations so that the program idea goes beyond that magic circle of tested truths, so that ideology is not a censor but a promotor of change.

(Interviewed by Remigiusz Jakubowski, TRYBUNA ROBOTNICZA 29 April 1988)

Prof Dr Wladyslaw Kwasniewski, sociologist at the Jagiellonian University:

[Question] ...Are workers aware of their role and significance, or is this attitude rather attributed to them?

[Answer] To be sure, the ideological premises of socialism emphasize the dominant role of the working class as hegemonic in society; but in light of opinion surveys among workers, the feeling of dominance does not occur generally. Obviously, many fractions of the working class are aware that the existence of the political system depends on their readiness to submit to the rigors of work. Simultaneously, there is, however, a fairly common conviction, shown in the surveys done by the Public Opinion Research Center, that a worker exerts actual influence on the course of events in Poland only to a very small degree. Here in this phenomenon lies the source for the loud calls for making the working class the subject equal at least to the farmers or intelligentsia.

(Interviewed by Elzbieta Cegla, GAZETA KRAKOWSKA 30 April 1988)

Opinions and views quoted in this section do not always agree with those of the editors.

13021

'Anti-Reform' Factors in Society, Authorities Identified, Solutions Proposed
26000310 Warsaw KONFRONTACJE in Polish No 2, Feb 88 p 23

[Article by Professor Jerzy Wiatr, sociologist, journalist: "Breaking the Vicious Circle"]

[Text] The causes hampering the development of Poland should be divided into:

- 1) historical versus current.
- 2) internal versus external, and
- 3) objective versus subjective.

The first pair of distinctions has to do with the opposition between the causes hampering development whose roots lie in many centuries of backwardness, in the tradition of past generations, and those which emerged only after World War II. I support the view that one cannot associate all the causes hampering the development of Poland solely with its postwar phase of development. Poland fell into backwardness several centuries before the appearance of the people's state, and ascribing all the responsibility in this area to the current system is scientifically fallacious (and politically tendentious). The discussions that have been going on for years have fairly well identified the historical reasons for backwardness: the lack of the "Protestant work ethic," the dominance of the aristocratic model of customs, the suppression of the development of the cities and aristocratic omnipotence, the weakness of the state, and the characteristic—negative—attitude toward state authority, which was identified with a threat to "golden freedom." There is a general consensus that a considerable part of these burdens of the past are still persisting in our social life.

Nevertheless, reducing the problem to relics of the past—sometimes done for propaganda purposes—is wrong. During the postwar period, new factors hampering development appeared that were characteristic of our system; they differed in nature, as discussed below.

The second pair of distinctions has to do with pointing out the fact that some, but only some, of the causes hampering the development of Poland lie in relations with foreign countries, while the rest (in my opinion, the majority) of the causes are internal by nature. I think that there are two main internal causes: a) the distortion of relations with the highly developed capitalist countries resulting from the postwar polarization of international relations, and b) the influence of the conservative and dogmatic political and economic concepts and practices that were formed in the USSR during the Stalinist period, and were not without influence in the other European socialist countries. Both of these causes of backwardness, however, operate in conjunction with internal causes, and have been exploited by internal forces hampering progress.

The internal forces and factors hampering progress have a nature that is partly objective and partly subjective. The objective source of backwardness was the situation in which Poland approached the postwar reconstruction. During the war, one of the poorest countries in Europe was devastated more than others, and furthermore had to carry out the tremendously difficult work of resettling the population in the recovered land. The destruction of the intelligentsia (and also of the Jewish population, which was also vital and economically significant before

the war) entailed a significant decrease in the level of economic activity. The arms race imposed by the international situation made it more difficult to concentrate resources in the areas crucial to the development of the country. The model of the division of labor within the socialist community had a negative effect, especially before 1956. A high population growth made it necessary to push through investments that would ensure the creation of jobs for numerous people reaching a productive age. To a certain extent, these burdens explain why, in spite of great efforts and the desire to overcome backwardness, the results were less than expected.

The main causes hampering the development of Poland, however, have been and are subjective in nature, in the sense that they have been and are due to the development concepts adopted. I think that the following concepts are particularly dangerous for the dynamic development of Poland:

- a) the concept subordinating the economy to political goals and priorities;
- b) the ideological concept giving preference to a state centralized economy over private production, even on a small scale, and over cooperatives;
- c) the concept identifying socialism with egalitarianism, which in any case turns in practice into a new type of inequality;
- d) the tendency toward an "optimistic" (in the meaning given to that term by Kalecki) definition of economic goals, and as a consequence failure to complete overambitious plans;
- e) a lack of appreciation of the role of science in socioeconomic development.

The subjective factors retarding progress cited above create a syndrome of a well-known nature. It is a syndrome formed during the period of Stalinism and subsequently transferred to Poland—and here willingly supported by those groups in the government structure and by those social strata which are well adapted to a highly centralized and politicized system, even if that system retards the country's development. In the 1980's, all the elements of that system were subjected to crushing criticism, but so far only one has been surmounted (the "optimistic" definition of the goals of economic activity). If the other four elements of the conservative syndrome are maintained in spite of criticism and experiences, then one must raise the question of whether that is happening as a result of intellectual inertia. I think that it is happening as a result of the existence of strong group interests, in relation to which conservative thinking (supported by a certain type of ideologues, who, citing faithfulness to doctrine, speak out against necessary changes) performs solely the function of ideological rationalization.

Conservative interests do not lie exclusively in the government apparatus, as a certain number of opposition propagandists attempt to demonstrate. The truth is, however, two types of anti-development interest groups are concealed in the government apparatus: 1) of a political nature, especially in some elements of the party apparatus and in part of the state administration, and 2) of an economic nature, especially in the management circles of those industries which have obtained a monopolistic position and are protecting their privileges. Coalitions arise between these groups, and what unites them is distrust of what is new and a fear of reform. In my opinion, the popularity of ideological dogmatism in these circles is not due to a fascination with ideology but rather to a fear of reforms, which would diminish these groups' privileges.

In addition to conservative groups within the government apparatus, however, there are similar constellations of interests among the masses—especially among the less skilled (and more poorly paid) workers, and in part, among the less skilled white-collar workers. Populist egalitarian slogans, and attacks against the reform based on the position of defending the people's interests, are primarily an expression of the position of those social strata which are threatened by the negative consequences of economic progress. Their dilemma is that they are not interested in stagnation and protest against it, but at the same time, they are not inclined to renounce their immediate interests. The defense of their present interests, however, must be conducted at the expense of hampering, diluting, and even distorting the course of the reform.

Finally, the third group of anti-development interests is the interests of those groups and strata which attempt to turn the program for accelerating development into a stepping-stone for rapidly satisfying their own interests as much as possible, to the detriment of overall development. The accusations directed against Polonian enterprises, some cooperatives, and private enterprises are often exaggerated, but they are not completely unfounded. We observe an avaricious tendency to enrich oneself rapidly (and dishonestly), without a genuine contribution of labor. This is an expression of a decline in the ethics of economic activity, caused mainly by uncertainty about the permanence of the opportunities current in existence. These phenomena tend to be tendentiously exaggerated by the opponents of the reform, but I would not advise ignoring them. In combination with other factors hampering progress, they are also strong barriers to development.

The factors hampering progress enumerated here are thus numerous and diverse. Can they be effectively countered? What are the forces that we could rely upon in doing so?

Surmounting the resistance to dynamic development requires two things: willingness and an awareness of the present situation on the part of the political leadership.

and its ability to build a coalition of progressive forces. The policy of accelerating the development of Poland is furthered, above all, by the fact that a considerable part of society—especially in better educated groups—has become fully aware that Poland is being threatened with sliding into the ranks of the backward countries, losing its chance for national development and its position in the world, and even returning to successive upheavals and crises with incalculable consequences.

Taking advantage of these attitudes, however, has been made more difficult by the fact that a large number of the groups supporting progress are distrustful (and sometimes actually hostile) toward the socialist system, and especially toward the present state leadership. The resentments of the 1980-1982 period are ebbing away very slowly. On the other hand, the political leadership has an understandable fear of releasing the same forces that have already once seriously threatened the stabilization of Poland. This vicious circle must be broken, however, and this depends primarily upon government policy. The authorities must create a realistic but courageous economic program, going beyond the current assumptions of the reform by:

- a) clearly defining the place of the cooperative and private economic sectors, and creating the conditions for their development;
- b) completely reorganizing the center by making the economic leadership autonomous from the political leadership, and radically reducing the central apparatus of the economic ministries, in addition to reducing the number of those ministries;
- c) conducting a thorough revision of wages, aimed at giving appropriate weight to high qualifications and good work;
- d) taking the protective umbrella away from inefficient economic undertakings, including the liquidation of excessive (socially motivated) employment, which results, among other things, in labor shortages in many areas.

Such an economic program requires open opposition to conservatism and dogmatism. The climate of the changes in the USSR is creating an exceptional chance for winning this battle. There have never been such favorable conditions for openly attacking ideological dogmatism and conservatism. In undertaking such a battle, one would be backed by those social forces which are in favor of reforms—even if in the past or at present they had or have reservations about the policy of the state authorities. This would finally isolate the extremist anti-system opposition, and thereby enhance political stabilization. Such an operation is difficult, since it requires opposing the attitudes (and interests) of part of the government apparatus and part of the social forces

supporting the government. I do not see, however, how it would be possible to accelerate progress (or even simply eliminate backwardness and successive crises) without doing this.

These are the views presented by the author at a meeting of the Public Opinion Workshop of CBOS [Public Opinion Research Center] in Grzegorzewice in May 1987.

9909

PRON Delegation in Latvia Views Soviet Changes, Religious Issues

26000366 Warsaw ODDROZENIE in Polish No 13,
26 Mar 88 pp 3,8

[Article by Hanna Markert: "In Moscow and in Latvia"]

[Text] At the invitation of the Union of Societies for Soviet-Foreign Friendship and Foreign Cultural Cooperation, a PRON [Patriotic Movement for National Rebirth] delegation traveled to Moscow. The delegation was headed by Chairman of PRON National Council Jan Dobraczynski and Secretary General of the PRON National Council and Secretary of the PZPR Central Committee Stanislaw Ciosek. The following day the delegation placed wreaths at the Mausoleum of Lenin and at the Tomb of the Unknown Soldier. Bouquets also were placed at the tombs of Feliks Dzierzhinsky and Konstanty Rokossowski.

Talks were held before noon between the Chairperson of the Presidium of the Union of Societies for Soviet-Foreign Friendship and Foreign Cultural Cooperation Valentina Tereshkova and Jan Dobraczynski on the subject of the activities of both social movements. The members of the Polish delegation described the history of the PRON, which unites various political forces supporting socialism. It was stressed that the Movement associates 168 collective and approximately 1 1/2 million individual members representing the PZPR, the ZSL [United Peasant Party], the SD [Democratic Party], and associations of Catholics and Christians, and that the main purpose of the PRON is to create various platforms for dialogue within the Polish society.

Valentina Tereshkova told the ODDROZENIE reporter:

"What we have done so far in the Soviet Union is not meeting the needs of our society. It is being publicly said in our press and on our television that life as it used to be is no longer possible. We made a mistake in thinking that we have no nationality problems. The administrative-territorial system set up after the Revolution with the object of developing backward ethnic regions has already played out its positive role and now it is increasingly clear that its possibilities are exhausted. There is a need for a restructuring of relations among the nationalities, for a new system that would maximally promote economic and cultural acceleration.

"At present we boldly expose to daylight many white and black spots [on the map of history]. We are extremely critical toward so-called Stalin's men, who caused much harm to this country, especially during the Great National War. We are rehabilitating the victims of the era of the cult of personality. We also speak publicly about menacing present-day trends such as alcoholism and drug abuse. The latter may not be as widespread, but it is time to join in combatting it. Perestroyka is no longer a mere catchword; it has penetrated social awareness. All of us understand that perestroyka is for us and that all of us should join in it."

This coming June 25 years will have passed since the memorable flight of Valentina Tereshkova into outer space. Since then much has changed in her life. She has graduated from the Zhukovskiy Military Engineering-Technical Academy with the degree of doctor of space sciences. She has been re-elected five times to the USSR Supreme Soviet, representing Yaroslav Oblast. Yaroslav is her hometown, one of the older cities, 750 years old, which faces the problem of how to combine housing construction with the protection of architectural landmarks. As a deputy to the USSR Supreme Soviet she believes that it is her "sacred duty to help my landmen."

Valentina Tereshkova heads the Union of Societies for Soviet-Foreign Friendship and Foreign Economic Cooperation (SSOD). It associates 85 oblast, city, and rayon friendship societies as well as associations of Soviet lawyers, physicians, artists, and cultural activists. The SSOD is active in many fields of sociopolitical life; among other things, it coordinates cooperation between sister cities (e.g., between Yaroslav and Lodz), and it devotes much attention to the upbringing of youth and to environmental protection.

SSOD activists became interested in cooperating with the PRON, especially in exchanging experience on cooperation between people's councils and local self-government bodies, as well as in the institutions active within the PRON's framework such as the National Committee for Children, the National Children's Fund, the National Organization for Helping Schools, and the educational councils.

Valentina Tereshkova and Jan Dobraczynski signed an agreement for cooperation between the SSOD and the PRON, the first between the two movements. This is one of the specific consequences of the implementation of the Declaration on Polish-Soviet Cooperation in Ideology, Science, and Culture, signed last year by Wojciech Jaruzelski and Mikhail Gorbachev. This agreement stresses, among other things, the desire to actively support, develop, and strengthen fraternal cooperation between both nations and the striving to unite the efforts of the social forces of the PRL [Polish People's Republic] and the USSR in favor of a broad opening to whatever is progressive and to create the conditions for promoting the economic, political, and social initiative of broad masses of laboring people. In addition to presenting

specific proposals for cooperation, the agreement points to the importance of providing complete and objective information on life in both countries in the spirit of a broad openness.

During its Moscow meetings the delegation paid a visit to USSR Minister of Culture Vasiliy Zakharov. He briefed it about the cultural policy of the CPSU and the Soviet Government as well as about the deep changes occurring in the country's cultural and artistic life and the broadly developing cultural cooperation with Poland.

Developing culture during perestroika has required, Vasiliy Zakharov said, relinquishing whatever obstructed its development, namely, prohibitions. And only then culture began to enter upon a tumultuous period of burgeoning—books and films termed "polkovniki" [articles secreted on shelves] were placed in circulation, well-known writers and artistic directors returned to this country, and the press is flourishing. Some people already are speaking of a "renaissance" or "the second cultural revolution." The process of the burgeoning of culture in the Soviet Union is not an antagonistic process but is unfolding as part of the struggle between old and new mentalities. Prohibitions proved to be a bad measure; in culture they resolve no problems but [merely reduce to a black-and-white] opposition of good to evil. Education is becoming the optimal method of this struggle.

Minister Zakharov emphasized the special importance of the fact that there can be no monopoly over culture. And he quoted Mikhail Gorbachev, who pointed to socialist pluralism. The decentralization of the management of cultural life and the delegation of many powers to unions of artists are manifestations of perestroyka. The democratization of cultural activities is progressing. This ensues from the program of the leadership of the Communist Party of the Soviet Union, which views the issue of culture as one of the most important tasks. The minister also described the concurrent plenary deliberations of the Union of Soviet Writers on the subject "The Role of Writers in Shaping the Relations Among the Peoples of the USSR." He pointed out that discussing such a topic is an example of glasnost. He stressed that the events in Azerbaidzhan and in Armenia cannot be viewed as antisocialist.

The meeting at the Council for Religious Affairs under the USSR Council of Ministers was interesting.

The three main religions in the Soviet Union are Christianity, Islam, and Buddhism, along with some 50 various cults. Comrade Milovanov of the Council for Religious Affairs said that the exact number of believers is unknown, but "We estimate them at 10 to 20 percent of all citizens, meaning 60-70 million" [as published].

State-church relations are regulated by the decree of 1927 on the separation of the church from the state. Religion is the private affair of the citizen. The Council for Religious Affairs acts as the guardian of legality. But the celebrations of the Millennium of the Russian Orthodox Church are linked to the current situation in the USSR. The relationship between the church and perestroika is a fashionable topic. It is generally believed that the church can be of great assistance, if only through the active participation of believers in the changes being accomplished by the Soviet nation or by providing spiritual assistance in perfecting the society, to which primary significance is attached at present. At the Council for Religious Affairs it was also said that the church interprets perestroika distinctively by placing emphasis on changes in legislation. The complex whole of the changes occurring in the USSR includes consideration of legislative revisions, and it may be that the pertinent Decree of 1927 will be amended.

Jan Dobraczynski toured the St. Danilo Monastery, the seat of the Patriarchate of Moscow and All Russia. This is Moscow's oldest monastery, erected in the 13th Century by Prince Danilo, son of Aleksander Nevsky. After its structure had been enlarged over the centuries, in recent decades it lay in ruins. At present it has been returned to the church and rebuilt at the cost of 2 million rubles provided by donations from the faithful. Preservation work and interior decoration continue. The Polish guest met with Member of the Holy Synod and Director of the Foreign Contacts Department of the Patriarchate, the Metropolitan of Minsk, and the Belorussian Filaret.

The delegation then proceeded to Latvia. Its schedule there was extremely rich and crowded with many meetings and talks. First, there was the talk with Chairman of the Latvian SSR Supreme Soviet Zh. Vagris. PZPR Central Committee Secretary and Secretary General of the PRON National Council Stanislaw Ciosek held a long and cordial conversation with Secretary of the Latvian CP Central Committee Comrade V. P. Sobolev.

Latvia. A small republic measuring 64,000 square kilometers in area (0.3 percent of the total territory of the USSR). Latvia is said to be a "great power." Its population numbers barely 2.6 million or less than 1 percent of the total population of the USSR, but its contribution to the Soviet economy amounts to 1.2 percent. Its principal industries are the traditional light industry—the processing of flax and cotton and timber. Latvian furniture is highly prized and the local railroad car plant assembles coaches for the famed Moscow-Leningrad Red Arrow Express which cruises at the speed of 200 kilometers per hour. In terms of per capita income Latvia ranks first in the Soviet Union.

Following a period of stagnation under Brezhnev positive changes are occurring in the life of this republic; these changes are justly linked to the rejuvenation of cadres. Young, energetic, and resourceful individuals are

being given important posts, so that the process of perestroika is accelerating. For example, there is the Riga Automobile Factory in Yelgava, toured by the Polish delegation. Following the promulgation of the new decree on enterprises, which requires the formation of worker self-governments and introduces the principle of elections to all managerial posts, the employees of the Riga Automobile Factory independently elected its director from among several candidates upon inspecting them, discussing their professional qualifications, and meeting with them. The director they elected came not from Riga but from Sybirsk. They liked him as a professional. Previously worker self-government members sat passively by at meetings, but now the meetings are lively because the workforce was dissatisfied with the factory's stagnation. The Riga Automobile Factory manufactures minibuses. In the immediate future it is to construct a new model with the participation of experts from Poland too.

We toured the "Adazhi" Agricultural Firm, a new agricultural processing organization. Here, too, the new chairman was elected by the workforce. The principal output of "Adashi" consists of grain and potatoes, but it also engages in raising cattle, poultry, and fur-bearing animals, all this on an area of 12,000 hectares of land in Latvia plus 1,000 hectares leased in the Ukraine. "Adazhi" has turned to processing its own crops and those harvested by other kolkhozes. It processes potatoes, milk, and meat into high-grade foods. It sells part of its output to the state, part at kolkhoz bazaars, and the remainder it exports. Its profits are quite sizable, considering that the average wage there is 300 rubles a month (compared with the republic-wide average of 200 rubles).

"Adazhi" allocates a large part of its income for social services (last year it allocated 7 million rubles for housing construction, 250,000 rubles for culture, and 275,000 rubles for sports). Its social program is impressive; it has built a gym; a preschool with its own palm house, a swimming pool, and medical service; a secondary school with its own television station, a computer [as published], and astronomical observatory. "This is a 21st Century preschool, and as for the school it only lacks a spacecraft," the guests from Poland declared.

The heart of the republic is Riga. Here too tangible changes are occurring. The Mayor of Riga Alfred Rubiks received a recommendation from the government to eliminate the bureaucracy. As a result, the numbers of municipal personnel had to be slashed 30 percent. A. Rubiks declared that this recommendation should in no case be viewed as interference from the top in the affairs of Riga. Rather, it was posed as follows: if you do not want to reduce your personnel, fine, but they will be paid less.

In the year 2005 the population of Riga will reach 1 million according to its master plan. However, not all the enterprises are developing in accordance with the city's

interests. There is an employment surplus, pertaining chiefly to newcomers to Riga (even from other republics), which creates an urgent need for more housing, stores, and schools. Riga is trying to counter this, being reluctant to turn into one large industrial plant. The mayor of Riga was the first in the USSR to introduce penalties to counteract this situation. For every employee in excess of the plan an enterprise has to pay a fine of 20,000 rubles to the city. These monies are then spent on such needs as the construction of public baths, the acquisition of ambulances, etc. The fines worked. Last year employment was smaller than planned.

Riga will soon celebrate its 800th anniversary. This city of dignified edifices and impressive apartment buildings resembles somewhat Gdansk and somewhat Bydgoszcz. Thirteen kilometers from Riga is located the Latvian village of Kirholm, the site of the battle waged by Chodkiewicz against Swedes in 1605, a battle famous in Polish history. Currently Poles from PKZ [State Preservation Committee] are helping restore the houses of Riga's Old Town. Our delegation toured the Museum of the Latvian "Red Riflemen." The city's other boroughs are covered by blocks of five-storey apartment buildings, or "Brezhnevskiy pyatietazhnik," which in the future are to be modernized by combining pairs of small dwellings into spacious duplex apartments. In the year 2005 the dwelling space per capita of Riga is to amount to 20 square meters (currently it is 16). At present, 38,000 families (10 percent) still live in communal apartments (compared with 30 percent in Moscow). Private taxis have appeared on the streets of Riga and nearly 40 private coffeehouses have opened.

At the Latvian Branch of the Society for Foreign Friendship and Cultural Liaison we learned that Latvia maintains cultural contacts with 50 countries, including Poland—especially Szczecin. During the "Days of Szczecin in Latvia" Polish folk ensembles, sports teams, choirs, puppet theatres, and students toured Latvia. Jazep Osmanis is popularizing Polish literature in Latvia. He has translated for Latvian readers the dramas of Slowacki, Mrozek, and Rozewicz, and is now translating works of Lem and Iwaszkiewicz. He is also working on a translation of "Pan Tadeusz."

A meeting with the archbishop of the Roman Catholic Church in Latvia did not take place owing to the illness of the 92-year-old cardinal. Jan Dobraczynski met with Bishop Jan Cakuls. He also visited the Catholic Seminary, which is attended by clerics from Latvia, Belorussia, and the Ukraine.

In the evening we listened to organ music at the Riga Cathedral, currently serving as a concert hall. The following day the delegation toured Yurmala, a seashore resort.

On its last day in the USSR the Polish delegation was received by Andrey Gromyko. That was an important meeting—for the delegation's members it afforded an

occasion for presenting to that member of the Politburo of the CPSU Central Committee and chairman of the Presidium of the USSR Supreme Soviet the program and activities of the Patriotic Movement for National Rebirth, on stressing that the principal aim of the PRON is to create varied platforms of dialogue in the Polish society.

The meeting in the Kremlin was reported on in detail by the Polish Press Agency, which cited verbatim the comments of Andrey Gromyko. For reminder's sake, below are some of these comments as jotted down in a notebook:

"Socialism is our priceless capital. Although this is a truism, it is worth remembering, given the tumultuous unfolding of world events. This axiom must be borne in mind even when it is not mentioned.

"The formation of the present-day borders of Poland took considerable effort. Poland and the USSR have jointly been protecting these borders. Historic justice supports the western boundaries of Poland.

"Poland is a socialist country; this is a fact. Despite problems, it is progressing on the path of socialism-building. Socialist Poland is and shall remain a friend of the Soviet Union.

"Although various ideological and religious currents flow through the Polish society, the Polish nation as a whole supports the fundamental principles of socialism-building and finds solutions to tactical and strategic problems. The Soviet leadership and nation shall continue to support their friend, socialist Poland, on this road.

"Perestroika is a political direction reflecting the aspirations of the party and nation for exploiting the entire tremendous potential of socialism. It poses the tasks of attaining a new quality of socialism.

"Perestroika must be thorough and extend to every domain of life. An important aspect of perestroika is human mentality—people increasingly understand the need for changes and participate in them. Rolling up its sleeves, the nation is accomplishing the tasks of gigantic changes.

"Glasnost promotes an objective assessment of the past but it also is not confined to perceiving negative phenomena alone. A balanced view is necessary.

"The development of socialist democracy, the broadening of the social base of governance, is becoming a crucial issue.

"Difficulties should be resolved as rapidly as possible, but it is not possible to name the date on which the goal is to be attained. The horizon of time is determined by life, not by the laboratory.

"In international relations two issues matter most: 1. The ratification of the historic Soviet-American treaty to eliminate medium- and short-range missiles, signed by Mikhail Gorbachev and Ronald Reagan; 2. The Soviet-American talks on the reduction of strategic offensive weapons.

"The agreement with Washington has created a favorable international climate. But efforts must be made to maintain this climate, because certain circles in the West are opposed to disarmament. The struggle against nuclear weapons and for world peace is uniting the efforts of all the socialist countries. We want to acknowledge the peace-promoting initiatives of the Polish leadership."

These comments by Andrey Gromyko were stressed by Jan Dobraczynski, who stated that the desire for peace lies in the heart of every Pole and that is why we support a restructuring of international relations in the spirit of peace.

Some unofficial comments should also be made concerning the meeting at the USSR Supreme Soviet. Andrey Gromyko, a diplomat par excellence, made the visitors feel his personal touch and cordiality. He smiled and asked whether he had misheard when the members of the delegation were introduced to him. He also had some nice words to say about the role of women in Polish life and conveyed his best wishes to the female members of the delegation on the eve of Woman's Day.

Also outside the protocol, the Polish delegation in the hall of the seat of the Supreme Soviet handed a bouquet of flowers to Valentina Tereshkova and chanted "Sto lat" [May you live to an hundred] on the occasion of her birthday.

Before the flight back to Poland the Chairman of the PRON National Council Jan Dobraczynski declared to the PAP reporter: "Summing up, this was an unusually successful visit. I and all the other members of the delegation are strongly impressed by the extensive changes occurring in the USSR. New things meriting great attention and support are happening here. perestroika is awakening hopes."

1386

Collective Bargaining, Wage, TU Relationship Examined
26000232c Warsaw ZYCIE WARSZAWY in Polish
5 Feb 88 p 3

[Text] All legal and executive documents allowing the negotiations of new collective contracts have been ready for several months. After the amendments to the Labor Code were made in November 1986, and in particular Section XI, concerning collective agreements in which a two-level system of contract negotiation was adopted, the Council of Ministers Resolution was published last

August in the matter of form for collective wage agreements and other services and entitlements connected with labor in 1987-1990. The Council of Ministers Decree concerning a specific procedure for negotiation and registration of collective contracts and collective institutional agreements also appeared. The Council of Ministers Decree [concerns] settlements in professions in which collective agreements may be negotiated (encompassing thus far four trade groups, including sailors, journalists, and gulf and deep-sea fishermen).

Thus there are actually no obstacles if union federations would begin preparing and negotiating new agreements. The situation was somewhat complicated as a result of administrative center reform, during which the negotiating partners with union members changed. Some departments ceased to exist, and others changed the scope of their responsibility. For this and other reasons there was a certain delay in the work on new collective agreements. No one, however, intends to abandon them.

There was a period when it seemed that collective agreements were a thing of the past, and that under conditions of economic reform and financial independence of enterprises, which themselves determine what wages to pay, they [collective agreements] will no longer be necessary. However, trade unions declared themselves in favor of the maintenance of collective agreements in an emphatic and decisive way, seeing in them a basic weapon for defense of working people's interests. Amendment of the Labor Code in November 1986, was thus a kind of compromise between two extreme positions. As set forth in it, a collective agreement guaranteeing only minimum rates would be included at the trade level, whereas for enterprises the subject of negotiations would be concrete rates of pay conforming to their financial capabilities.

Institutional Systems of Wages and Contracts

What if an establishment doesn't have the resources to pay even the minimum rates resulting from collective agreements? Then, applying in practice the salary provisions included in the agreements, it may defer signing the institutional collective agreement. Such an establishment would have three options—either to raise its economic output to such a level as to permit it to pay the wages specified in the agreement, or to remain for some time under the previous institutional wage system if it is so authorized, or also...bankruptcy.

Here we touch upon a very important question—the binding character of collective agreements, which the trade unions so emphatically demanded. Well, the amendment to the law on institutional wage systems which is foreseen in the very near future (in the first quarter of this year) would permit these systems to become part of institutional collective agreements, and then to become a basis for using collective agreements in

enterprises. In this way the principles of the binding character of agreements and the wage independence of enterprises represented in institutional wage systems are connected.

On the other hand, in those enterprises which do not have wage independence and are not authorized to use institutional wage systems (including the budget area, but in addition also institutions in which profit is not the major operating goal) collective agreements would be binding and would be applied automatically.

To a certain degree collective agreements presuppose an internal wage structure (including basic wage bonuses for work under dangerous conditions or at night, bonuses for management, anniversary awards, allowances, etc.). This has the result that enterprises have become less important as centers for formation of the motivating function of wages. If compensation is added to this equally for all those employed for the increase in the cost of living connected with price increases this year, it leads to further leveling of wages; still, this probably does not concern us in economic reform.

In spite of these hindrances and inconveniences, many union federations are already preparing to negotiate new collective agreements this year. According to the director of the Labor Law Department in the Ministry of Labor and Social Policy, Leslaw Nawacki, the soonest settlement will be a collective agreement for printers. Next in line are foundry workers, metal workers, and others.

The content of the agreements will be negotiated directly between partners—at the trade level these are the union federation and the appropriate minister. Collective agreements are required to be registered at MPiPS [Ministry of Labor and Social Policy], and a condition for registration is that the agreement conform to the law and socioeconomic practice. This matter was the subject of a rather serious controversy between union members and the labor department; in the end though, requirements for registration were maintained.

Unanimous Intent of the Parties

The matter of registering institutional collective agreements presents itself as somewhat different. Indeed, taking care of the registration requirements for such agreements formally can always be done through a company promotor's agency, but a possibility is already considered to free the enterprise from this obligation by appropriate provisions contained in the collective agreement by which a unanimous declaration from the parties that they agree to an unregistered contract would be required.

Exemption from the obligation to register institutional collective agreements would mean not only the elimination of certain formalities prolonging negotiations, but also greater freedom for enterprises in setting pay scales, since the company promotor's agency would have no

voice in this matter. The amount of pay would be regulated by the enterprises themselves and by new tax mechanisms changed this year in which the basic thing is taxation of individual wages exceeding the threshold of growth of 60 percent of average pay.

On the other hand, in new collective agreements the previous condition will be retained when considering allowances and trade privileges. This was a very ticklish problem, since the value of allowances was repeatedly higher than base pay, and during shortages of several items on the market, the pressure from personnel to keep these allowances was particularly strong (recently the matter of coal allowances was almost brought up before the Constitutional Tribunal). Many of these privileges also have a very long tradition, going back to the prewar period, and they are also considered to be a factor binding people to an institution and favoring stabilization of staffs. Thus the previous allowances will be kept, but not extended.

New Partnership

The new collective agreements may introduce a certain harmony in wage policy, which presently is very much differentiated. Misgivings that the interests of a line of business chiefly will enter into it are so far unfounded that the subject of negotiations at the trade level will be only minimum rates, whereas in enterprises wages must conform to their financial capabilities.

Thus the time has come for agreements in which both sides must show a sense of responsibility and realism, but also good will and an understanding of workers' interests. In the end, the important thing is that the interests of workers and enterprises be in line with each other, and that good work be compensated fairly.

It appears that we are on the threshold of a change not only in policy but also in the entire wage philosophy. The method of administrative limitation of wage increases must not be its basis, but mechanisms which initiate an authentic growth in output, and that which follows will be also a large differentiation in wages inside enterprises as well as between establishments which work well or poorly, as determined by the efficiency of their management.

Mechanisms adapting wage increases in the budgetary area to wages in the production area are necessary, however. Presently such a mechanism governs only about half of those employed in the non-production area. A doctor or nurse cannot find themselves at the end of the wage scale, since in the end this turns them against those who use their services.

The important role of the union partner will thus be negotiation of wage conditions which will reconcile the diverse and often contradictory group and trade interests, and enterprises will keep their necessary margin of freedom for shaping the motivating function of wages. In

the collective agreements a fair wage is guaranteed to all honest workers, and the opportunity to receive very high incomes to the best; thus in short one may state a sense of this new type of partnership in which the traditional supportive functions of collective agreements and the basis for financial independence of enterprises are combined.

13324/08309

ZSL, TPPR Aktiv Stress Mutual Influences at Council

26000337c Warsaw RZECZPOSPOLITA in Polish
15 Apr 88 pp 1, 2

[Text] (Own source.) The annual council of the ZSL aktiv and of the active members of the Society for Polish-Soviet Friendship [TPPR] was held on 14 April. The forms and methods of TPPR activity were discussed and an evaluation of the activity of the peasant party members of this organization was conducted. The deliberations were presided over by Roman Malinowski, chairman of NK ZSL [United Peasant Party Supreme Committee] and chairman of the TPPR National Council.

"Our experience and reforms," emphasized Presidium member and NK ZSL Secretary Kazimierz Fortuna in his speech, "enrich the ideas of Soviet reconstruction and the changes occurring in the USSR also constitute an extremely important stimulus for reforming social, political and economic life in our country. Polish society appreciates more and more deeply the role of political and economic cooperation with the Soviet Union and understands increasingly better the significance of economic contacts with the USSR for solving our country's problems. The number of Polish and Soviet establishments involved in direct cooperation is growing, border trade is intensifying, and joint undertakings are evolving. Shortly, the concept of Polish-Soviet agricultural-food enterprises should also become a reality.

"Work, think and take responsibility—these words accompany the Soviet perestroika in day to day life," stated Wladyslaw Sorokin, the Soviet Embassy adviser in Warsaw. Perestroika can already boast of measurable economic achievements. Agriculture, among other things, has obtained very good results during the last 2 years. The reconstruction of economic mechanisms in both countries and the strengthening of financial independence as well as enterprise self-government is conducive to the development of new forms of cooperation.

"Economic cooperation," emphasized TPPR General Secretary Stefan Nawrot, "promotes the tightening of direct bonds of friendship between people. Residents of rural areas are also taking increasingly greater part in this process."

Medals for achievements in strengthening Polish-Soviet friendship as well as "Gold TPPR honorary badges" were awarded to the group with the most active TPPR members.

9853/08309

New, More Research Institutes Aim To Upgrade S&T, Competitiveness

26000337a Warsaw RZECZPOSPOLITA in Polish
30 Mar 88 pp 1, 2

[Article by Tomasz Miecek: "An Outpouring of Inventions"]

[Text] The current year has begun exceptionally well for inventiveness. In comparison with last year, we have over 13 percent more invention applications. Therefore, this represents not an increase of several percent as had been the case during the past several years but of a dozen or so percent.

What is reassuring is that the number of inventions actually in use and those slated for tests and study is growing. Inventions from production plants are more quickly and easily assimilated than those from scientific institutions. However, the latter are characterized by a higher technical level. The field of chemistry, industrial processes and measuring apparatuses have greater inventive activity than other areas. This is a positive phenomenon because these fields are connected to the so-called high-technology sphere. Less encouraging is the fact that inventions continue to be little disseminated and they are usually used by one or two producers.

Innovation on the Map of Science

The current year will also bring changes to the map of Polish science. Part of these changes have already been implemented.

Thus, after a several year interruption, new divisions of the Polish Academy of Science have begun to form. Among others, the Institute of Microbiology and Virology was instituted whose creation had been proposed at the Third Polish Scientific Congress. This has become a reality owing to the activity of microbiologists from institutions of higher learning in the Lodz center who are best prepared for this type of task.

The creation of this institution, in which the provincial PZPR echelon and the civic authorities were highly instrumental, constitutes an indispensable condition for the implementation of the program of biotechnology development in Poland—a discipline upon which progress in agriculture, in health protection, and in the shaping of the natural environment depends.

Another PAN [Polish Academy of Sciences] division, this time in the area of chemistry, is the research center created in association with the factory in Police. One of this center's main research tasks will be ecology related matters.

Work on the creation of a Center for Agricultural Science in Olsztyn, which will be connected to that city's Academy of Agriculture and the Center for Scientific Equipment and Data, is in various stages of progress. Great hope and expectations for improvement in the materials base of research studies, which in recent years has become significantly worn out, are tied to the latter institution.

Better Information

A joint venture with branch organizations called "Infoterminal," which facilitates access to national data and, above all, enables remote control access to foreign data bases, has recently improved the auxiliary research activity of scientific and technical information.

Since the beginning of March of this year, the joint venture has at its disposal external memory-storage with a capacity of 14 gigabits having earlier used a computer system with a power of 2.5 million operations per second.

Several institutions including the Central Agricultural Library, the Polish Standardization, Measurements and Quality Committee, and the PRL Patents Office are already using the services of the joint ventures whose major partners are the University of Warsaw and the Main School of Planning and Statistics.

Apart from contact with "Infoterminal," this office has significantly modernized its information system and has negotiated contracts for the supply of minicomputer equipment which will be used for the internal needs of the PRL Patents Office. All of this will ensure easier and quicker access to patent information which is so greatly needed by inventors and the services provided for them.

The Discussion Is Continuing

Discussions on draft plans of creating new organizations within the sphere of science and technology and their stronger ties to social needs have been continuing recently.

Thus, two innovations are being discussed within the Council on Science and Higher Education. One concerns the new model of scientific cadre advancement diversified according to the scientific discipline and the functions fulfilled by the institutions, and the second pertains to the creation of an agency for research related matters.

Finally, the Polish Academy of Science is conducting discussions on its changing model in which a separation of the research division from the corporate section would occur.

The immediate future shall tell to what extent these draft plans fit the need of perfecting science and technology and their ancillary role with respect to the needs of the country.

9853/08309

New Advisory Consultative Group on Self-Management

26000333a Warsaw TRYBUNA LUDU in Polish
15 Apr 88 p 3

[Article: "Consultative Group of Worker Self-Management Representatives Created"]

[Text] Worker self-management represents an important institution of our socioeconomic system. This statement was made at a meeting between members of the party and government leadership and activists of worker self-management on 20 February and expressed the significance being attached to the operation of worker self-management. At this meeting it was emphasized that the voice of worker representatives must reach on an everyday basis the people guiding political and economic life.

In keeping with the proposal which Wojciech Jaruzelski presented at this meeting, on 14 April, Zdzislaw Sadowski, chairman of the Planning Commission of the Council of Ministers, in cooperation with Stanislaw Kania, chairman of the Sejm Self-Management Commission, created a consultative group of representatives of the state enterprises' worker self-management groups as its advisory and consultative body. It will be the group's primary task to express opinions concerning drafts of bills, ordinances, and other legal documents introducing new solutions for the second stage of the economic reform.

Invitations to participate in the group were issued to the chairmen of the workers' council of 35 enterprises: "Fasty" in Bialystok, "Oswiecim" Chemical Plants, "Eltra" Radio Plants, Nacpolsk State Farm Combine, "Megat" Company, "Stilon" Plants, "Baidon" Mill, the Compact Car Factory (FSM) in Tychy, "Rafamet" in Kuznia Raciborska, "Chemar" in Kielce, WPHW in Siedlce, "Miranda" ZPJ in Turek, the State Farm Combine in Drawsko, "Polfa" in Krakow, "Glogow" Copper Mill in Zukowice, POHZ in Garzyna, Ball Bearing Factory in Krasnik, I May WZPB in Lodz, "Otmec" in Krapkowice, "Polam" in Pila, "Chemitex-Wistom" in Tomaszow Mazowieckie, H. Cegielski Plants, in Poznan, Transportation Equipment Plant-Polish Aviation Plant (WSK-PZL) in Rzeszow, "Fumos" in Skierniewice.

"Alka" in Slupsk, Wola Steel Mil I, "Igloopol" in Debica, "Elana" in Torun, A. Warski Shipyards in Szczecin, "Mezamet" in Warsaw, Unitra-Polkolor in Piaseczno, OZOS in Olsztyn, Transbud in Wlodlawek, "Elwro" in Wroclaw, and "Jelcz" Plants.

A representative of group X of the Economic Reform Commission on Self-Management and Legal Foundations for Functioning of the Economy will be invited to take part in the work of the group.

The full text of the directive on the creation of the consultative group will be published in the next *REFORMA GOSPODARCZA* supplement to *RZECZPOSPOLITA*.

10790

Self-Management Studies Center Sets 1988 Agenda, Tasks

26000232b Warsaw *RZECZPOSPOLITA* in Polish
5 Feb 88 p 5

[Text] At the last meeting of the Program Council of the Self-Management Studies Center at the State Council, the main courses of action for the center in 1988 were established. These will concern: organizing schooling for workers in self-management staffs, disseminating information on self-management, organizing and initiating legal guidance, initiating courses of study in self-management, collecting materials and information in this area, disseminating experiences concerning collective forms of work organization, and joint action of self-management personnel with national councils.

Among the methods and forms of implementation of these tasks, the participants in the discussion most often mentioned the need for socializing the work of the center and for concentrating outstanding activists around this institution—theoreticians as well as practitioners of self-management. At CSS [Self-Management Studies Center] besides groups of lecturers and lawyers, there will be created a group of experts economists and self-management activists with long special training periods in [self-management] bodies. The Program Council should continually play an important role in the socialization of the center.

The coordinating and initiating role of CSS [Self-Management Center] in the theory as well as in the practice of self-management makes possible the agreements for collaboration negotiated with social and self-management organizations and other institutions. Implementation of these agreements and also the negotiation of new ones continually will be an important part of the work of the center. Working collaboration with voivodship national council commissions on self-management, socioeconomic councils, trade unions, and PRON also will be continued. The Program Council should continually play an important role in the socialization of CSS [Self-Management Studies Center] activity, assuring an

opportunity for regular contacts with government centers as well as with scientific communities, activists from workers' councils, and representatives from enterprises.

The agenda for the Self-Management Studies Center also initiates expansion of the scope of regional activity, which is connected with support for voivodship initiatives aimed at creation of local self-management studies centers.

13324/08309

Medical Self-Management Issue Proves Troublesome for Ministry

26000232a Warsaw *RZECZPOSPOLITA* in Polish
5 Feb 88 p 3

[Text] One of the resolutions brought up during the fifth meeting of the Advisory Council by the head of the State Council concerned the physicians' bureaus.

Zbigniew Wierzbicki stated, "A weak point in health care is the problem of physicians' bureaus, which constitute professional self-management. Self-management is important, for it can best look after the professional and moral levels of its members. A proposal developed by the Main Administration of the Polish Medical Society has existed for a long time. Obstructions come from trade unions. They are disturbed by the possible disruption of automatically understood egalitarianism. On the other hand it is hard to understand the opposition from the Ministry of Health, especially its Legal Office. Yet it is obvious that for good health care, the physicians' bureaus are needed."

The minister of health and social welfare replied that the ministry is not qualified to create physicians' bureaus. The bureaus, as professional self-management bodies, may be created only by resolution from the [medical] community. Opinions on the advisability of their creation and character are divided. The ZG [Main Administration] of the Polish Medical Society is working on this issue.

We interviewed Adam Czarnecki, vice-president of the Polish Medical Society.

Medical self-management had long-standing traditions in Poland. It exerted a significant influence on raising professional ethics and on proper formation of the doctor-patient relationship. It was abolished in 1951 during the period when the range of activity of all professional self-management [bodies] was significantly limited. The majority of them were reactivated in 1982-1983. At that time a discussion had just begun in medical circles as to how and in what form medical self-management should arise. Its fruit is the just-prepared proposal for a law. In the form which it presently possesses, suggestions and comments from opinion-making bodies, including main opponents, i.e., the Federation of Trade Unions of Health Preservation Workers, are included.

The proposal is based on the initiative of the medical community, the majority of which expresses willingness to take matters of supervision in the area of professional ethics and morality into its hands. Physicians are aware that the undoubted achievements of Polish medicine after World War II cannot hide the shortages keenly felt by all of society. It is known that the level of the most important area of preventive and therapeutic medicine declined, which is basic care. Hospital beds are overcrowded. A phenomenon called black practice has grown, that is, collection of payments by several physicians for services which according to the law should be free to an insured person.

Medical self-management certainly will not solve all the problems which have grown for years. Its aims would include: restoration of the humanitarian values of service to mankind to this profession, elimination from medical ranks of individuals who break the rules of professional ethics and supervision of the conditions for collective and private medical practice, which at present is practically unsupervised. In addition, the proposal anticipates the universality of medical self-management, and thus an obligation to license all physicians. On the one hand this would increase the integration of the [medical] community, while on the other it would render feasible full implementation of the goals set. Physicians' bureaus, in addition to representing the [medical] community to the public and the authorities, could effectively preserve and protect the physician's dignity.

It turns out that according to recent discussions carried out among both physicians and all those interested in the setting up of physicians' bureaus, work on the proposal for the law on medical self-management was finished. Perhaps it will be delivered to the Sejm Commission on Health and Physical Education.

13324/08309

Military Officer School Recruitment Notes Social, Educational Changes
26000337b Warsaw RZECZPOSPOLITA in Polish
9-10 Apr 88 p 2

[Article by Norbert Potocki]

[Text] Upon completion of secondary school, many young men enter—as is the case every year—officer training schools. Therefore, an important question arises as to the changes that will occur in the near future in military schooling and what ought to be expected by an officer candidate in the Polish Army. This PAP reporter asked General of Brigade Prof Mieczyslaw Michalik, assistant to the chief of the Main Political Directorate of the Polish Army [GZP WP], for his opinion on the subject.

"We want to attract people who wish to join the army because it is their calling," stressed the general, "because it is their heart and soul and at the same time people who

are aware of the difficulties and responsibilities that are associated with military service as well as the advantages that make it attractive and competitive in relation to other professions. It is not a question here of financial matters but, above all, ambition and, among other things, the opportunity to come in contact with modern technology.

"We will conduct this year's recruitment to military officer schools within the context of changes occurring in the education system as a whole, within the context of celebrations associated with the 45th anniversary of the Polish Army as well as the broad spectrum of problems related to the situation in the world and in our country.

"The army, as we all know, is not indifferent to the changes occurring in the country; to that which is associated with the challenges of the present day and age, and the future. The military schooling system must be able to meet these challenges. Therefore, we are aware of the need for certain program and structural changes in the system of education, in the methods and means of training-educating.

"One thing will most certainly remain unchanged—the fact that in our schools we will mold among our students as has been the case thus far, a sense of responsibility for their homeland, the army and for themselves. These moral and humanistic values will, of course, be tied to ideological and political values."

9853/08309

Press, Personnel Changes, Media Developments, February 1988
26000371 Warsaw PRASA POLSKA in Polish
No 4, Apr 88 pp 57-60

[Unattributed article: "Chronicle"]

[Text]

1 February

—Krystyna Broszkiewicz was appointed editor in chief of the quarterly POLAND and simultaneously recalled from the post of deputy editor in chief of Interpress Press Agency.

—Jerzy Guz was appointed deputy editor in chief of Interpress Press Agency and simultaneously recalled from the post of secretary of that agency.

—Marek Klucinski was appointed secretary of Interpress Press Agency.

—Henryk Szydowski was appointed editor in chief of GAZETA KRAKOWSKA.

—Jerzy Wadowski was appointed deputy editor in chief of the monthly MORZE.

4 February

—The Press Council under the Chairman of the Council of Ministers held a session. It adopted a position on information policy and press control and discussed letters from readers and interventions by the mass media as forms of expressing public opinion and protecting the interests of citizens. (Elsewhere in this issue we are publishing the Council's position paper and an account of its session by F. Druzak.)

During its session the Press Council unanimously adopted the following statement: "The Press Council's position is that of inviolability of the letter and spirit of the provisions of Articles 12, 15, and 16 of the Press Law concerning the professional confidentiality of journalists. The Press Council is resolutely opposed to tendencies to constrict the scope of the professional confidentiality of journalists. Close adherence to the professional confidentiality of journalists is an important public boon and is particularly applicable to contacts between the liaison services of the mass media and readers, radio listeners, and television viewers. It is simply hard to conceive how these services can perform normally should the threat of distorting the mandatory operating rules of the professional confidentiality of journalists be implemented."

—At the Warsaw House of the Journalist two professional clubs—Foreign Publicists and Polonia—organized a meeting with Minister [of Culture] Aleksander Krawczuk.

5 February

—The Secretariat of the Lomza Voivodship PZPR Committee met with the reporters working in that voivodship. Also attending were representatives of the Bialystok Press Publishing House, the PUPiK [State Bureau for the Publishing and Distribution of Periodicals], the Regional Polish Radio Station, and representatives of the GUKPiW [Main Office for the Control of the Press, Publications, and Entertainment]. The discussion concerned the principal tasks of the socioeconomic region and problems of the journalist community. The reporters took a critical stand on, among other things, the constant increases in the prices of newspapers and periodicals and the quality of printing and paper. (It is worth noting that the Lomza Branch of the SD PRL [Journalists' Union of the PRL [Polish People's Republic]] has at present 26 members and candidate members. Owing to its attempts, as well as to the efforts of the management of newspapers and periodicals and the local authorities, many quotidian living problems of the local journalist community are being resolved.) The discussion also touched upon the diminishing importance of press criticism and the virtual absence of responses to critical articles, as well as on the press law, the possibilities for the personal growth of reporters, etc. The meeting lasted more than 5 hours. (WK)

9 February

—At the Warsaw House of the Journalist the SD PRL Polonia Club organized a meeting on the passport policy with special consideration of emigration problems. The club hosted Colonel Wieslaw Gajowniczek of the Passport Bureau and Janusz Skolimowski, deputy director of the Consular Department of the Ministry of Foreign Affairs.

10 February

—At the Warsaw House of the Journalist the SD PRL Economics Club organized a panel meeting on "What Property Relation Serves the Economy Best?" The club's guests included Professors Mieczyslaw Mieszczankowski and Jan Mujzel of the Institute of Economic Sciences, Polish Academy of Sciences, and Dr Jerzy Sablik, vice chairman of the Socioeconomic Council.

11-12 February

—In Zamosc the SD PRL Club of Transport and Communications Reporters organized a session on the cooperation between the Polish State Railroads and Soviet railroads in servicing freight and passenger transit, with special consideration of aspects of the operation of a sulfur-metallurgical line and cooperation between border stations.

15 February

—Ewa Wiercholska was appointed editor in chief of the new periodical JA, TY, MY and recalled from the post of deputy editor in chief of RODZINA I SZKOLA.

—The prices of the dailies published by the Prasa-Ksiazka-Ruch RSW [Workers' Publishing Cooperative] rose to 15 from 10 zlotys, and of periodicals to 30 from 15 zlotys. According to the RSW, these price increases were occasioned by the increase in publishing costs—in the prices of paper and in the cost of printing, transportation, etc. The publisher predicts further successive price increases for periodicals; PRASA POLSKA, for example, will cost 195 zlotys beginning with its April issue.

17 February

—The SD PRL Club of Warsaw Reporters organized a session on changes in the urban transit of the Nation's Capital, projects for developing and improving urban transit on Krolewski Thoroughfare and the new plan for Siekierska Thoroughfare. The club hosted representatives of the Voivodship Directorate of Municipal Roads, "Stolica" Communal Design Bureau, and the City Architectural Development Bureau.

18 February

—In Ciechocinek ended a meeting between press spokesmen of voivodship procuratures and reporters belonging to the SD PRL Club of Socio-Legal Reporters.

19 February

—At the Warsaw House of the Journalist the SD PRL Economics Club organized a discussion of the changes in the banking system, attended by Vice Chairman of the National Bank of Poland Dr Leszek Urbanowicz and Director of the Department of Financial and Credit Policy Pawel Karpinski.

20 February

—At the Chimney Room of the Lomza House of the Press local reporters met with their colleagues from Kazan (Tatar Autonomous Socialist Soviet Republic, TASSR). That was the second visit of reporters from the sister region of Lomza Voivodship. The discussion also touched upon problems of present-day youth in both regions and experience was exchanged on ways of presenting them in the press. The Lomza SD PRL branch, the Voivodship Board of the Union of Polish Youth, and the editors of KOMSOMOLETS TATARII are jointly organizing a youth contest for the young inhabitants of Lomza Voivodship to demonstrate their knowledge of the USSR and the TASSR, and for the Pioneers and Komsomol members from the other side of the Volga to demonstrate their familiarity with the present-day life and history of Poland as well as of Lomza Voivodship.

The agreement on cooperation between reporters from the sister regions provides for, among other things, organizing joint contests, exchanging journalists for editorial (linguistic) practicums, job exchanges, family vacation exchanges, etc.

The Tatar Republic has already been toured by a three-member delegation of Lomza reporters.

The meeting was attended by members of the SD PRL Main Board Stanislaw Zagorski and Wawrzyniec Kłosinski. (WK)

24 February

—At the Bydgoszcz House of the Journalist, on the initiative of the regional branch of the SD PRL "Friendship" Club of Reporters active under the Kujawy-Pomerania Affiliate of the SD PRL, was held a meeting with Sokrat Janowicz, a Belorussian writer from Bialystok, on the subject of "On the Borderlands Without Polish Sentiments." Reciprocal Polish and Belorussian cultural and literary influences and the attendant stereotypes were discussed. (Ko)

25 February

—At the Warsaw House of Soviet Science and Culture the SD PRL "Friendship" Club of Reporters organized a regular meeting on the theory and practice of perestroika in the USSR, "The CPSU as the Main Political Force of Perestroika," attended by Soviet academics, reporters, and representatives of the USSR Embassy.

29 February

—Piotr Miszczuk was recalled from the post of editor in chief of TYGODNIK CHELMSKI.

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POLAND

Schedule of Implementation Plans for Stage II of Economic Reform Published

26000355 Warsaw *REFORMA GOSPODARCZA*
supplement to *RZECZPOSPOLITA* in Polish
No 128, 31 Mar 88; No 130, 28 Apr 88

["Implementation Program for the Second Stage of the Economic Reform. Subject Schedule—Uniform Text With Amendments and Additions"]

[No 128, 31 March 88 pp I-IV]

[Text] A. Bringing the Economy to an Equilibrium by Stimulating the Growth of Supply

I. Development of the Market, Industriousness and [Enterprise] Founding Activities

No.	Task	The responsibility of	Deadline
1.	Submitting to the Council of Ministers a draft law on guidelines for undertaking economic operations	Chairman of the Planning Commission of the Council of Ministers; Minister of Justice; Minister—Head of the Office of the Council of Ministers	June 1988
2.	Promotion of [enterprise] founding activities in the economy	Minister—Head of the Office of the Council of Ministers; Minister of Finance; Local agencies of state administration	Continuous work
3.	Statutory reinforcement of enterprise autonomy	Minister—Head of the Office of the Council of Ministers	Executed in 1987
4.	Implementing guidelines for operations of enterprises of infrastructural significance in the economy	Minister—Head of the Office of the Council of Ministers	Executed in 1987
5.	Submitting to the Council of Ministers a draft executive order on reducing the number of state enterprises placed on the list of enterprises of key significance to the national economy	Minister—Head of the Office of the Council of Ministers	Executed in 1987
6.	Review and simplification of regulations on accounting, finance, taxes, social benefits, reporting requirements; embarking on work to streamline and make uniform financial and accounting documentation (with emphasis on small- and medium-size units of the socialized sector)	Minister of Finance; Minister of Domestic Trade; Minister of Industry; Chairman of the Main Statistical Administration	April 1988
7.	Review of statistical reporting procedures in effect, with a view to restricting and simplifying them	Chairman of the Main Statistical Administration	April 1988
8.	Developing guidelines for creating concern-type enterprise amalgamations, making possible accelerated development of selected economic sectors	Minister of Industry; Minister of Finance; Chairman of the Planning Commission of the Council of Ministers	June 1988
9.	Creating conditions facilitating the development of enterprise by the management cadres through: a) introducing new remuneration guidelines b) changing regulations on the employment status of directors c) training of management cadres	Minister of Labor and Social Policy; Minister—Head of the Office of the Council of Ministers	a) January 1988 b) June 1988 c) continuous work
10.	Changes in the function and authority of parent agencies	Minister—Head of the Office of the Council of Ministers	Statutory changes made in 1987
11.	Statutory changes ensuring greater autonomy of cooperatives	Minister—Head of the Office of the Council of Ministers	Executed in 1987
12.	Introduction of a system of insuring property against economic risk	Minister of Finance; Chairman of the State Insurance Bureau	January 1989
13.	Preparations for introducing a system of enterprise evaluations based on profit as the main criterion of evaluation	Chairman of the Planning Commission of the Council of Ministers	February 1988
14.	Organizational measures to implement the law of 28 January 1987 on counteracting monopolistic practices	Minister of Finance	January 1988

I. Development of the Market, Industriousness and [Enterprise] Founding Activities

No.	Task	The responsibility of	Deadline
15.	Preparing a list of economic units holding a monopolistic position in their field of operations and a list of multi-plant enterprises in monopolistic positions which should be split	Minister of Finance; Ministers and heads of central offices	June 1988
16.	Providing an opportunity for splitting an enterprise when considerations of efficiency so require	Minister of Industry; Minister of Finance; Minister—Head of the Office of the Council of Ministers	June 1988
17.	Submitting a draft law on companies to the Council of Ministers	Minister of Justice	September 1988
18.	Preparing conditions for setting up and operating companies with individuals in trade, food service and services and small-scale production based on the contribution of fixed assets by state units and of their own labor and turnover funds by individuals	Minister of Domestic Trade; Minister of Justice; Minister—Head of the Office of the Council of Ministers	September 1988
19.	Creating conditions for the development of leasing operations and simplifying the guidelines for such operations	Chairman of the Planning Commission of the Council of Ministers; Minister of Finance; Minister of Domestic Trade	February 1988
20.	Amending legal regulations with a view to creating arrangements facilitating the development of work at home	Chairman of the Planning Commission of the Council of Ministers; Minister of Finance; Minister of Industry; Minister of Labor and Social Policy	February 1988
21.	Creating legal conditions for the operation of the Social Security Agency and the State Insurance Bureau as active financial institutions	Minister of Finance; Chairman of the State Insurance Bureau; Chairman of the Social Security Agency	September 1988
22.	Preparing guidelines for creating a unified national market for merchandise distribution	Minister of Domestic Trade	February 1988
23.	Adjusting legal regulations on distributing the means of production to comply with current principles of managing the national economy	Minister of Domestic Trade	July 1988
24.	Streamlining the system of margins and commissions in wholesale distribution with a view to eliminating unnecessary middlemen in the market	Minister of Finance; Minister of Domestic Trade	June 1988
25.	Discontinuing the supervision of wholesale trade units dealing in means of production by parent agencies of producers	Minister of Domestic Trade	June 1988
26.	Setting up supervisory councils for 6 main nationwide enterprises in materials distribution	Corresponding parent agencies	September 1988
27.	Transforming sales bureaus into joint enterprises or companies by individual groups of producers—suppliers for whose benefit such enterprises render their services	Corresponding parent agencies and central organs of cooperation	December 1988
28.	Preparing to transform the units of centralized supply management into joint enterprises (companies) of purchasers for whose benefit such units render their services	Corresponding parent agencies and central organs of cooperation	September 1988
29.	Annual reductions in mandatory brokerage in distribution	Minister of Domestic Trade; Chairman of the Planning Commission of the Council of Ministers	In the course of preparing the annual plan
30.	Simplifying and streamlining the guidelines for and the mode of purchasing [hard] currency by units carrying out government orders	Chairman of the Planning Commission of the Council of Ministers; Minister of Domestic Trade	December 1988
31.	Making the sale of surplus rationed raw and other materials by units of the socialized economy easier	Minister of Domestic Trade; Minister of Industry; Minister of Finance	January 1988

I. Development of the Market, Industriousness and [Enterprise] Founding Activities

No.	Task	The responsibility of	Deadline
32.	Broader utilization of a segment of the capacity of the defense industry for increasing production of consumer goods	Minister of Industry; Minister of National Defense in cooperation with other ministers	Continuous work
33.	Generalizing the institution of leasing spare production capacity and space in the units of the socialized sector	Minister—Head of the Office of the Council of Ministers; Minister of Finance; Minister of Industry	January 1988
34.	Preparing organizational and economic guidelines for better utilization of school shops for production	Minister of National Education; Minister of Finance; Minister of Industry	June 1988
35.	Setting up the Fund for Structural Changes in Industry	Minister of Industry	January 1988

II. Technical and Organizational Progress, Quality Improvement, Streamlining the Investment Processes and Management of Fixed Assets

1.	Developing a comprehensive system of measures aimed at increasing the profitability of scientific-technical progress	Minister—Head of the Office for Scientific-Technical Progress and Implementation; Minister of Finance; Minister of Industry	June 1988
2.	Review of tasks included in the system of centrally managed programs of science and technology development	Committee for Science and Technical Progress of the Council of Ministers; Minister—Head of the Office for Technical Progress and Implementation; Chairman of the Planning Commission of the Council of Ministers; Minister of Foreign Economic Relations	June 1988
3.	Creating a state system of control and evaluation of products and technologies with a view to eliminating obsolete products and technologies	Chairman of the Polish Committee for Standardization, Measures and Quality; Minister—Head of the Office for Scientific-Technical Progress and Implementation; Minister of Foreign Economic Relations; Chairman of the Planning Commission of the Council of Ministers; Minister—Head of the Office of the Council of Ministers; Minister of Industry	September 1988
4.	Reinforcement of financing for innovation measures in enterprises by integrating the sources for financing scientific-technical progress throughout the R&D and implementation cycle	Minister of Finance; Minister—Head of the Office for Technical Progress and Implementation	July 1988
5.	Development of guidelines for setting up a specialized bank or financial institution for technical advancement measures	Minister—Head of the Office for Scientific-Technical Progress and Implementation; Chairman of the National Bank of Poland	July 1988
6.	Beginning of the setting up of a network of technical advancement and implementation units	Minister—Head of the Office for Scientific-Technical Progress	Executed in 1987
7.	Preparation of the foundations for integrating science, technology and production, particularly in the form of science-production centers	Minister—Head of the Office for Scientific-Technical Progress and Implementation; Parent agencies	June 1988
8.	Creating conditions facilitating rational allocation of research personnel and free flow of cadres between science and the economic practice and between individual organizational structures in science	Minister of National Education; Minister—Head of the Office for Scientific-Technical Progress and Implementation; Learned Secretary of the Polish Academy of Sciences; Minister of Labor and Social Policy	June 1988
9.	Evaluation and modification of the operational and financial guidelines for central R&D programs and units, including changes in their financial management	Committee for Science and Technical Progress of the Council of Ministers; Minister—Head of the Office for Scientific-Technical Progress; Minister of Finance	June 1988
10.	Development and implementation of a system of fixed assets utilization in the national economy	Minister of Industry; Chairman of the Polish Committee for Standardization, Measures and Quality	December 1989

II. Technical and Organizational Progress, Quality Improvement, Streamlining the Investment Processes and Management of Fixed Assets

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|-----|---|--|--------------|
| 11. | Preparing organizational guidelines for a state system of current quality control, including a broadened scope of standards application, higher requirements, as well as the necessary working conditions for state testing and supervision agencies in charge of compliance with the standards, with a view to increasing the role of trade as the key quality validating factor | Polish Committee for Standardization, Measures and Quality;
Minister—Head of the Office for Scientific-Technical Progress and Implementation;
Minister—Head of the Office of the Council of Ministers;
Minister of Foreign Economic Relations;
Minister of Domestic Trade;
Minister of Industry | January 1988 |
| 12. | Review of the investment programs and the outline of the investment policy of the National Socio-Economic Plan for 1986-1990 with a view to accelerating the processes of change in the structure of the national economy and of enterprise investment funds on most efficient undertakings | Chairman of the Planning Commission of the Council of Ministers;
Minister of Industry;
Chairman of the National Bank of Poland | April 1988 |
| 13. | Preparing organizational and economic conditions for an increase of the shift coefficient in industry | Minister of Industry;
Minister of Finance;
Local agencies of state administration | October 1988 |

III. Development of Export Orientation and Foreign Economic Relations

- | | | | |
|-----|--|--|--|
| 1. | Introducing new guidelines and procedures for coordinating the national socio-economic plans of the PRP with CEMA countries, with the role of ministries, enterprises and other organizations strengthened | Chairman of the Planning Commission of the Council of Ministers | February 1988 |
| 2. | Making trade between the PRP and CEMA member countries more flexible by introducing, with the consent of foreign partners, value quotas to protocols on plan coordination, and subsequently to trade protocols, the quotas being reserved for direct cooperation between enterprises and other organizations | Chairman of the Planning Commission of the Council of Ministers | February 1988 |
| 3. | Preparation and adoption of a joint concept for international socialist division of labor among CEMA countries in 1991 through 2005 | Chairman of the Planning Commission of the Council of Ministers | June 1988 |
| 4. | Initiating the establishment and development of direct cooperation among enterprises and other economic and R&D organizations | Minister of Foreign Economic Relations;
Government Plenipotentiary for Cooperation and Joint Enterprises;
Minister—Head of the Office for Scientific-Technical Progress and Implementation | First report due December 1988 |
| 5. | Implementation of the Comprehensive Program of Scientific-Technical Progress in CEMA Member Countries until the Year 2000 | Minister—Head of the Office for Scientific-Technical Progress and Implementation | Continuous work (first report due December 1988) |
| 6. | Restricting the scope of using official prices in foreign trade settlements, especially in the 2nd payments area (hard-currency denominated trade), to basic agricultural and food commodities | Minister of Foreign Economic Relations;
Minister of Finance | March 1988 |
| 7. | Aligning the level of official prices for imported raw and other basic materials with the level of contract prices paid in hard-currency transactions | Minister of Finance;
Minister of Foreign Economic Relations | March 1988 |
| 8. | Setting up the Fund for Restructuring of Exports allocated primarily to ensure the profitability of production for export affected by structural changes and the profitability of agricultural and food exports, including:
- use of uniform agricultural price supports
- introduction of a final product subsidization system in exports | Minister of Foreign Economic Relations;
Chairman of the Planning Commission of the Council of Ministers | January 1989 |
| 9. | Introduction of a customs tariff adjusted to the needs of restructuring production and GATT requirements | Minister of Foreign Economic Relations | January 1988
July 1988 |
| 10. | Streamlining the operation of the ROD [retained hard-currency allowances]. | Minister of Foreign Economic Relations | January 1988
July 1988 |

III. Development of Export Orientation and Foreign Economic Relations

a) eliminating inefficiencies in current procedures and the mode of calculating and releasing ROD funds.	Minister of Foreign Economic Relations	Executed in 1987
b) tying the accumulation to the efficiency of exports.	Minister of Finance	
c) switching to uniform rates of hard currency allowances based on the degree of sophistication of the merchandise		
11. Introducing a comprehensive system of ruble-denominated allowances	Minister of Foreign Economic Relations; Minister of Finance; Chairman of the National Bank of Poland	January 1989
12. Transferring hard currency funds from the Commerce Bank to the accounts of banks maintaining accounts for ROD and settlements with foreign partners; introducing flexible guidelines and conditions for using these hard currency funds to provide loans for export enhancement undertakings	Chairman of the National Bank of Poland; Minister of Finance; Minister of Foreign Economic Relations	April 1988
13. Organizing brokerage in purchasing and selling (hard currency) certificates issued by the Commerce Bank Inc. and clearing currencies	Chairman of the National Bank of Poland; Minister of Foreign Economic Relations	May 1988
14. Replacing the system of the state selling a share of hard-currency proceeds to the enterprise by a system of enterprises selling a share of hard currency export revenues to the state	Minister of Foreign Economic Relations; Minister of Finance; Chairman of the National Bank of Poland	January 1990
15. Facilitating the grant of foreign trade licenses; setting forth a list of goods and services for which a foreign trade license is not required	Minister of Foreign Economic Relations	January 1988
16. Abolishing assortment limitations on foreign trade units in exports to the 2nd payments area (except for the goods of key significance to the national economy) and in imports financed from proprietary hard currency funds	Minister of Foreign Economic Relations	January 1988
17. Introducing changes in participation by the State treasury in foreign trade companies — providing legal basis for abolishing the majority participation by the State Treasury — working out a new arrangement for representing the State Treasury in companies	Minister of Foreign Economic Relations; Minister of Justice; Minister of Finance	February 1988 February 1988
18. Introducing a new, liberalized system of licensing imports and exports	Minister of Foreign Economic Relations	October 1988 April 1988
19. Improving the guidelines for the operation of companies with foreign participation with a view to making them more attractive for foreign investors — submission of a proposal to the Council of Ministers	Minister of Foreign Economic Relations; Minister of Finance; Minister of Justice	June 1988
20. Streamlining the procedure of setting up and registering companies with foreign participation	Minister of Foreign Economic Relations; Minister of Finance; Minister of Justice	February 1988
21. Submitting to the Council of Ministers a draft law on the planning of the balance of payments and foreign credit and debts	Minister of Finance; Minister of Foreign Economic Relations; Chairman of the National Bank of Poland	April 1988
22. Streamlining the operational environment for foreign small-scale production enterprises	Government Plenipotentiary for Foreign Small-Scale Production Enterprises; Minister of Foreign Economic Relations; Minister of Finance; Minister of Justice	June 1988

IV. Progress in Agriculture and the Food Economy

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|-----|--|---|--|
| 1. | Abolition of centralized management of allocation of agricultural and food items and the means of agricultural production | Minister of Domestic Trade;
Minister of Agriculture, Forestry and the Food Industries | Gradual |
| 2. | Restructuring of the system of subsidies in the food economy, including:
- dairy products—June 1988
- other—1990 | Minister of Finance;
Minister of Agriculture, Forestry and the Food Industries | Planned March 1988 implementation until 1990 |
| 3. | Elimination of the branch compensatory accounts in agricultural processing | Minister of Finance;
Minister of Agriculture, Forestry and the Food Industries | January 1988 implementation until 1990 |
| 4. | Making prices for agricultural and food products and for the means of production and agricultural services more realistic in the years 1988-1990 | Minister of Finance;
Chairman of the Planning Commission of the Council of Ministers;
Minister of Agriculture, Forestry and the Food Industries | Continuous work |
| 5. | Preparing guidelines for the introduction of institutional arrangements for comprehensive negotiation of prices for the means of agricultural production, agricultural products and foodstuffs | Minister of Finance;
Minister of Agriculture, Forestry and the Food Industries | March 1988 |
| 6. | Streamlining the meat market and cancelling meat rationing | Minister of Domestic Trade;
Minister of Agriculture, Forestry and the Food Industries | 1990 |
| 7. | Preparing guidelines for the agricultural tax (to be implemented after 1990), the principles and level of which will bring about equalizing objective differences in economic conditions | Minister of Finance;
Minister of Justice;
Minister of Agriculture, Forestry and the Food Industries | Guidelines due in September 1988 |
| 8. | Imposing income tax on non-agricultural operations of farms in the socialized and non-socialized sectors | Minister of Finance;
Minister of Agriculture, Forestry and the Food Economy | March 1988 |
| 9. | Creating conditions for accelerated changes in the structure of agricultural land holdings by size | Minister of Agriculture, Forestry and the Food Industries;
Minister of Justice;
Minister of Labor and Social Policy | Guidelines due in March 1988 |
| 10. | Abolishing the monopoly of procurement and distribution of agricultural and food commodities | Minister of Agriculture, Forestry and the Food Industries;
Minister of Domestic Trade;
Minister of Foreign Economic Relations | Gradually |
| 11. | Modifications of the system of credit provision to agriculture, forestry and the food industries, intended to stabilize the principles of financing for all economic units | Chairman of the BGZ [Food Industry Bank];
Minister of Agriculture, Forestry and the Food Industries | March 1988 |

V. Creating Conditions for Securing Progress in Housing Construction and the Communal Economy

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|----|---|--|------------|
| 1. | Enhancing the role of local organs and territorial self-government in the operation of the communal economy and housing | Head of the Office of the Council of Ministers;
Minister of Land Use Management and Construction with the cooperation of local agencies of state administration | March 1988 |
| 2. | Preparing organizational and economic arrangements facilitating the development of production of construction materials and products | Minister of Industry;
Minister of Land Use Management and Construction;
Minister of Finance | March 1988 |
| 3. | Preparing guidelines for setting up the Bank of Housing Construction as an autonomous creditor institution for housing construction and repairs | Minister of Land Use and Construction;
Chairman of the National Bank of Poland | July 1988 |
| 4. | Preparing guidelines for creating conditions for the development of various forms of construction contracting in all ownership sectors, with the emphasis on housing construction and repairs | Minister of Land Use Management and Construction;
Minister—Head of the Office of the Council of Ministers;
Minister of Finance | March 1988 |
| 5. | Preparation of guidelines for creating more favorable conditions for enterprise-financed housing construction | Minister of Land Use Management and Construction;
Minister of Finance | March 1988 |

V. Creating Conditions for Securing Progress in Housing Construction and the Communal Economy

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|-----|--|--|--|
| 6. | Supporting the development of various forms of financing for single-family housing construction (small cooperatives, construction associations, owner groups and others) | Minister of Land Use Management and Construction;
Minister of Finance;
Minister—Head of the Office of the Council of Ministers | Continuous work; first evaluation-1988 |
| 7. | Implementing new principles of providing credit for housing construction | Chairman of the National Bank of Poland;
Minister of Land Use Management and Construction | From January 1988 on |
| 8. | Submitting to the Council of Ministers draft legal acts providing for the accelerated allocation of land for housing construction | Minister of Land Use Management and Construction;
Minister of Agriculture, Forestry and the Food Industry | May 1988 |
| 9. | Preparing operational guidelines for enterprises involved in purchasing and developing land and making it available on a commercial basis and investment services enterprises | Minister of Land Use Management and Construction | April 1988 |
| 10. | Submitting to the Council of Ministers a new draft law on construction, including an outline of organization and principles of operation of the state construction inspectorate and carrying out designer supervision | Minister of Land Use Management and Construction | August 1988 |
| 11. | Implementing economic measures conducive to undertaking the functions of general contractor | Minister of Land Use Management and Construction;
Minister of Finance | March 1988 |
| 12. | Amending the provisions of General Conditions for Carrying out Investment Projects, including those for the system of financial settlements for construction and assembly work, with a view to increasing their influence on timely execution of investment projects | Minister of Land Use Management and Construction | September 1988 |
| 13. | Modification of tasks and methods of price setting in construction and the abandonment of regulated prices and justifiable costs; switching to the use of contract prices | Minister of Finance;
Minister of Land Use Management and Construction | March 1988 |
| 14. | Regulating the procedure and mode of contracting for investment projects and construction and repair services covered by government orders | Chairman of the Planning Commission of the Council of Ministers | Executed in 1987 |
| 15. | Review and verification of regulations on procedures for filing for and obtaining capital project site approval | Minister of Land Use Management and Construction;
Chairman of the Planning Commission of the Council of Ministers | February 1988 |

VI. Creating Systemic Conditions for the Development of Social Services

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|----|---|---|---------------|
| 1. | Converting economic and legal forms of operation by units rendering social services, which at present are budget-supported enterprises, into arrangements suggested by the experience of enterprises, with a view to improving the results and efficiency of their operations | Minister of Finance;
Minister—Head of the Office of the Council of Ministers | April 1988 |
| 2. | Outlining the spheres and scope of providing social services in health care, culture and recreation, in which the introduction of partial fees paid by the user of services will be feasible; restricting the scope of free service privileges | Minister of Health and Social Welfare;
Minister of Culture and Art;
Minister of Finance | April 1988 |
| 3. | Modifying the organization and operations of health care and social welfare facilities, with a view to improving the quality of services provided | Minister of Health and Social Welfare | April 1988 |
| 4. | Introducing changes in the system of wages, tax levies and finance management in enterprises producing tangible goods for culture and art, with a view to creating favorable conditions for their operations | Minister of Culture and Art;
Minister of Finance;
Minister of Labor and Social Policy | February 1988 |

VI. Creating Systemic Conditions for the Development of Social Services

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|----|--|---|---------------|
| 5. | Preparing proposals for changes in the operation and financing of tourism and recreation and for applying the principle of self-financing to such operations | Chairman of the Committee for Youth Affairs and Physical Culture;
Minister of Domestic Trade;
Minister of Finance | February 1988 |
| 6. | Preparing proposals for changes in the system of financing physical culture and sports | Chairman of the Committee for Youth Affairs and Physical Culture;
Minister of Finance | July 1988 |

B. Strengthening the Currency and Restructuring Prices and Incomes

VII. Making Economic Indicators Realistic(*)

(*)This section includes an array of measures resulting from the "Program of Reinforcing the Currency" prepared by the National Bank of Poland

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|-----|---|---|-----------------------------------|
| 1. | Developing guidelines for price and income policies in the years 1988-1990, taking into account modifications due to the results of the referendum and consultations with trade union organizations | Minister of Finance | Executed in 1987 |
| 2. | Evaluating the financial situation of enterprises which have operated in receivership for over 2 years and outlining the actions with regard to these enterprises | Parent agencies in cooperation with the Minister of Finance and the Chairman of the National Bank of Poland | April 1988 |
| 3. | Preparing guidelines aimed at setting in order the entire relationship between the budget and the credit plan, including a conceptual outline of repaying the debt of the state budget to the National Bank of Poland | Minister of Finance;
Chairman of the National Bank of Poland | June 1988 |
| 4. | Working out the concept of currency emission and credit ensuring their adjustment to the requirements of equilibrium and rendering impossible the creation of credit beyond economically justifiable bounds | Chairman of the National Bank of Poland | February 1988 |
| 5. | Submitting to the Council of Ministers draft amendments to the law on prices, in particular with a view to abandoning cost-based price setting and giving up regulated prices | Minister of Finance | March 1988 |
| 6. | Preparing the outline of a new tariff policy in public transportation (freight and passenger) | Minister of Transport, Navigation and Communications; Minister of Finance | Executed in 1987 |
| 7. | Preparing annual programs of restricting subsidies, with particular emphasis on eliminating the subsidization of production of basic raw materials, fuel and energy, as called for by the price and income policies in effect | Minister of Finance | Gradually |
| 8. | Preparing a draft law on the emission of securities | Minister of Finance;
Chairman of the National Bank of Poland | March 1988 |
| 9. | Starting the process of making interest rates on deposits and loans realistic | Chairman of the National Bank of Poland | January 1988 |
| 10. | Reviewing centralized funds with a view to reducing their number | Chairman of the National Bank of Poland
Minister of Finance | December 1990
Executed in 1987 |
| 11. | Abandoning the distribution of amortization between enterprises and the budget | Minister of Finance | January 1989 |
| 12. | Reviewing the principles of carrying out financial investments with a contribution from the budget funds | Chairman of the Planning Commission of the Council of Ministers with the participation of the Minister of Finance and other interested ministers and governors of provinces | March 1988 |
| 13. | Current adjustment of the currency exchange rate, with a view to promoting profitable exports | Chairman of the National Bank of Poland;
Minister of Foreign Economic Relations;
Minister of Finance | Continuous work |
| 14. | Preparing the concept of exchange rate policy aimed at making the zloty convertible | Minister of Finance;
Chairman of the National Bank of Poland | March 1988 |

VII. Making Economic Indicators Realistic(*)

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|-----|---|--|---------------|
| 15. | Preparing an outline of changes in categories of costs | Minister of Finance | February 1988 |
| 16. | Evaluating the efficacy of the system of financial incentives for savings of raw and other materials and eventual expansion of the system to all units of the socialized sector | Minister of Industry | February 1988 |
| 17. | Preparing a concept of introducing value added tax | Minister of Finance;
Planning Commission of the Council of Ministers | June 1988 |
| 18. | Stockpiling emergency reserves in order to secure lasting equilibrium in the markets for [individual] goods | Minister of Domestic Trade;
Chairman of the Planning Commission of the Council of Ministers | May 1988 |
| 19. | Introducing the indexing of fees and fines for the productive use of the natural environment | Minister of Environmental Protection and Natural Resources;
Minister of Finance | April 1988 |

VIII. Streamlining the Systems of Remuneration for Labor and the Social Policy; Changes in the Labor Law

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|-----|---|---|------------------|
| 1. | Reviewing the principles of accumulating funds for remunerations in the sphere of material production | Minister of Labor and Social Policy;
Minister of Finance | Executed in 1987 |
| 2. | Preparing and submitting for social consultation in 1988 a draft of incentive-oriented guidelines for accumulating remuneration funds in the sphere of material production in the years to come | Minister of Finance;
Minister of Labor and Social Policy | April 1988 |
| 3. | Preparing guidelines for the introduction of stable principles tying remunerations in the budget-supported sphere to remunerations in the sphere of material production, taking into account the results of comparative labor evaluations | Minister of Labor and Social Policy | February 1988 |
| 4. | Preparing a draft concept of taxing personal incomes of the populace and submitting it for social consultation | Minister of Finance;
Minister of Labor and Social Policy | June 1988 |
| 5. | Draft amendments to the law on the guidelines for devising enterprise remuneration systems intended to link more closely the level of remuneration and the financial situation of the enterprise and [to introduce] procedural simplifications | Minister of Labor and Social Policy | March 1988 |
| 6. | Preparing a draft of improving the system of synthetic evaluation of wages as an instrument of correcting the wage ratios in the socialized sector | Minister of Labor and Social Policy | March 1988 |
| 7. | Implementing the principle of indexing the lowest wage in combination with the principle of compensation for the growth of prices | Minister of Labor and Social Policy | January 1988 |
| 8. | Preparing draft regulations setting in order the sphere of employment and placement assistance | Minister of Labor and Social Policy | November 1988 |
| 9. | Preparing draft changes in the labor law favoring an increase in the efficiency of labor and conducive to more rational employment and professional activation | Minister of Labor and Social Policy | May 1988 |
| 10. | Preparing an outline of arrangements facilitating an improvement in occupational safety and hygiene | Minister of Labor and Social Policy | March 1988 |
| 11. | Preparing an outline of a reform in the system of social welfare benefits (including insurance), ensuring greater efficiency of its operations through, among other things, improving the socially justified entitlement to benefits and making their amounts realistic | Minister of Labor and Social Policy | May 1988 |

VIII. Streamlining the Systems of Remuneration for Labor and the Social Policy: Changes in the Labor Law

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|---|---|--------------|
| 12. Streamlining industry-wide benefits aimed, among other things, at switching from benefits in kind to financial benefits | Minister of Labor and Social Policy | Gradually |
| 13. Preparing draft legal acts creating more favorable conditions for drawing retirees, annuitants and the handicapped into the labor force and counteracting the withdrawal of the gainfully employed from the labor force | Minister of Labor and Social Policy | May 1988 |
| 14. Introduction of arrangements giving incentives to production and services for social groups in need of particular social welfare protection | Minister of Finance;
Minister of Health Care and Social Welfare;
Minister of Labor and Social Policy;
Minister of Industry;
Minister of Domestic Trade | April 1988 |
| 15. Preparing guidelines for compensating the price raises in 1988 to employees in the socialized sector, retirees and annuitants, and in agriculture | Minister of Labor and Social Policy;
Minister of Finance | January 1988 |
| 16. Preparation of an operational outline for a system of meeting the development needs of children under 3 years of age | Minister of Health Care and Social Welfare;
Minister of National Education;
Minister of Labor and Social Policy;
Minister of Domestic Trade;
Minister of Industry;
Minister of Agriculture, Forestry and the Food Industries | May 1988 |

IX. Development of the Banking System

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|--|---|------------------|
| 1. Organizational separation of the PKO [General Savings Bank] Bank from the National Bank of Poland | Chairman of the National Bank of Poland | Executed in 1987 |
| 2. Creation of several competing general-purpose credit banks operating on the principle of self-financing | Chairman of the National Bank of Poland;
The Bank Council | May 1988 |
| 3. Introduction of free choice of a bank by enterprises | Minister of Finance;
Chairman of the National Bank of Poland | January 1989 |
| 4. Preparation of concepts and methods of economic influence by the central bank on credit banks, which ensure the compliance of the banking system operation with the guidelines for monetary and credit policy and the credit plan | Chairman of the National Bank of Poland | February 1988 |
| 5. Preparation of concepts of the functions and tasks of the National Bank of Poland as the central bank of the state in the new economic system | Chairman of the National Bank of Poland | January 1988 |
| 6. Preparation of concepts for setting up specialized credit institutions operating within the framework of the banking system | Chairman of the National Bank of Poland | June 1988 |

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C. Restructuring of the Economic Management System

X. Restructuring of the Economic Management Center

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|---|---|------------------|
| 1. Restructuring main and central agencies of the state administration | Minister—Head of the Office of the Council of Ministers | Executed in 1987 |
| 2. Developing a concept of further structural changes | Minister—Head of the Office of the Council of Ministers | June 1988 |
| 3. Determining the conditions for forms of using the cadres released as a result of changes in the organizational structure of the state administration | Minister—Head of the Office of the Council of Ministers | Executed in 1987 |
| 4. Introduction of a system of working with the state administration cadres including, among other things, training, systematic work evaluations and qualification checks | Minister—Head of the Office of the Council of Ministers | June 1988 |

XI. Changes in Central Planning

- | | | |
|--|---|---|
| 1. Gradual limitation of the scope of detailed physical planning in successive annual plans | Chairman of the Planning Commission of the Council of Ministers | While working on central annual plans |
| 2. Preparing guidelines for transforming the central annual plan into an integrated financial and tangible output plan | Chairman of the Planning Commission of the Council of Ministers with the participation of the Chairman of the National Bank of Poland | May 1988
November 1988 |
| 3. Tightening qualification criteria for centralized investment, mainly efficiency requirements, in combination with outlining economic and civil-law responsibility for making such investments | Chairman of the Planning Commission of the Council of Ministers | October 1988 |
| 4. Preparing a program of restricting centrally financed imports and their organization and of expanding the hard currency self-financing of enterprises in the years 1988 through 1990 | Chairman of the Planning Commission of the Council of Ministers;
Minister of Foreign Economic Relations;
Minister of Domestic Trade;
Minister of Finance | For 1988 executed in 1987

May 1988 |
| 5. Streamlining the system of raw and other materials supply to the national economy | Chairman of the Planning Commission of the Council of Ministers;
Minister of Domestic Trade | Executed in 1987 |
| 6. Final elimination of operational programs | Chairman of the Planning Commission of the Council of Ministers | January 1989 |
| 7. Reducing the list of materials and products covered by government orders:
— for 1989
— for 1990 | Chairman of the Planning Commission of the Council of Ministers;

Minister of Domestic trade | March 1988

March 1989 |
| 8. Developing methods of compiling scenarios of the concept and draft of the National Socio-Economic Plan for the years 1991-1995 | Chairman of the Planning Commission of the Council of Ministers | December 1989 |

XII. Development and Reinforcement of Local Self-Government

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|---|---|-----------------|
| 1. Submitting to the Council of Ministers guidelines on expanding the functions and scope of legal, organizational and proprietary autonomy of local self-government | Minister—Head of the Office of the Council of Ministers in cooperation with the Chief of Chancery of the Council of State | March 1988 |
| 2. Introducing new arrangements in the system of augmenting the budgets of people's councils with a view to ensuring financial autonomy | Minister of Finance;
Minister—Head of the Office of the Council of Ministers in cooperation with the Chief of Chancery of the Council of State | March 1988 |
| 3. Preparing drafts of new legal regulations providing for the introduction of communal property | Minister—Head of the Office of the Council of Ministers in cooperation with the Chief of Chancery of the Council of State | January 1989 |
| 4. Preparing legal and organizational conditions for setting up intercommunal institutions and associations (associations of cities and parishes) | Minister—Head of the Office of the Council of Ministers in cooperation with the Chief of Chancery of the Council of State | January 1989 |
| 5. Creating a legal basis for setting up regional chambers of commerce | Minister—Head of the Office of the Council of Ministers | June 1988 |
| 6. Preparing implementation proposals on elevating the position of a city or parish to that of an economic entity, a basic territorial unit | Minister—Head of the Office of the Council of Ministers in cooperation with the Chief of Chancery of the Council of State | March 1988 |
| 7. Preparing a draft of arrangements to reinforce local agencies of state administration in the financial, cadre and organizational aspects in conjunction with assuming new responsibilities | Minister—Head of the Office of the Council of Ministers;
Chairman of the Planning Commission of the Council of Ministers | July 1988 |
| 8. Creating conditions conducive to the development and formation of new economic units producing consumer goods and rendering services to the population, in all sectors | Minister—Head of the Office of the Council of Ministers;
Local agencies of state administration | Continuous work |

XII. Development and Reinforcement of Local Self-Government

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|-----|--|---|---|
| 9. | Preparing legal and organizational conditions for a better use of local initiatives and for the development of volunteer work projects with the contribution of territorial budget funds | Minister—Head of the Office of the Council of Ministers;
Chairman of the Planning Commission of the Council of Ministers in cooperation with the Chief of Chancery of the Council of State | March 1988 |
| 10. | Increasing the scope of participation by the populace in nominating individuals for management positions in the local agencies of state administration | Minister—Head of the Office of the Council of Ministers in cooperation with the Chief of Chancery of the Council of State | March 1988 |
| 11. | Changes in the operation of local agencies of state administration in the field of taking care of the business of citizens | Minister—Head of the Office of the Council of Ministers | Continuous work; first changes made in 1987 |

XIII. Reinforcing Self-Management in Economic and Socio-Professional Activities

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|----|--|---|--------------|
| 1. | Analysis of the status of implementing the statutory model of partnership between workforce self-management organs and enterprise directors, with recommendations for further necessary actions | Minister of Labor and Social Policy in cooperation with the parent agencies | July 1988 |
| 2. | Evaluation of domestic and foreign experience and its use for creating conditions for further development of various group forms of labor in enterprises (brigades, partnership groups, quality and technical advancement circles, improvement groups) | Minister of Labor and Social Policy | March 1988 |
| 3. | Developing model forms of internal cost-benefit accounting in enterprises allowing for a more complete implementation of the principle of self-management by using group forms of labor organization | Minister of Finance;
Minister of Labor and Social Policy | May 1988 |
| 4. | Preparing arrangements facilitating the implementation of the principle of self-management at the level of plants or other organizationally distinct units of enterprises | Minister of Labor and Social Policy | June 1988 |
| 5. | Developing forms of cooperation between workforce self-management and local and socio-professional self-government | Minister of Labor and Social Policy;
Minister—Head of the Office of the Council of Ministers in cooperation with the Chief of Chancery of the Council of State | June 1988 |
| 6. | Development of a concept of work by teams of legal councillors operating outside the structure of economic units, combined with draft amendments to the law on legal councillors | Minister of Justice | May 1988 |
| 7. | Creating conditions for carrying out [professional] community initiatives in setting up socio-professional self-management | Minister of Justice | January 1989 |

XIV. Setting in Order and Streamlining the Legal System and the System of Control in Economic Operations

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|----|---|--|----------------|
| 1. | Starting work on adjusting the legal system to the principle "everything not forbidden by the law is allowed" | Minister of Justice;
Minister—Head of the Office of the Council of Ministers;
Main and central organs of state administration | Work has begun |
| 2. | Reviewing ministry-wide regulations with a view to reducing the number of regulatory acts in effect | Minister of Justice in cooperation with central organs of state administration | December 1988 |
| 3. | Finishing work on the draft law on the creation of legislation | Minister of Justice;
Minister—Head of the Office of the Council of Ministers | December 1988 |
| 4. | Adjusting the structure and organization of the state control agencies to the requirements of the new division of jurisdictions and responsibilities in the economy | Minister—Head of the Office of the Council of Ministers;
Main and central organs of state administration in cooperation with the Chief of Chancery of the Council of State and the Chairman of the Supreme Chamber of Control | October 1988 |

XIV. Setting in Order and Streamlining the Legal System and the System of Control in Economic Operations

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| 5. | Changes in the function of and guidelines for controlling the operation of economic units and the establishment of criteria for evaluating these units | Minister—Head of the Office of the Council of Ministers;
Main and central organs of state administration in cooperation with the Supreme Chamber of Control | October 1988 |
| 6. | Setting up economic courts, as a system of agencies resolving disputes in the economy | Minister of Justice;
Chairman of the State Economic Arbitration;
Minister—Head of the Office of the Council of Ministers | January 1989 |

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Party Daily Hosts Roundtable on Polish-Soviet Economic Cooperation

26000351 Warsaw TRYBUNA LUDU in Polish...
20 Apr 88 p 6

[Reported by Waldemar Mickiewicz and Jerzy Sieradzinski]

[Text] For 2 years much has been said and written on the subject of new forms of Polish-Soviet economic and scientific-technical cooperation: About joint enterprises, direct cooperation between scientific-research centers and production plants, and border exchange. TRYBUNA LUDU, together with PRAVDA, arranged a roundtable discussion a few months ago at which Polish and Soviet specialists described opportunities and obstacles in the development of new forms of economic cooperation. We return to this subject today because a great deal has changed since that time. But not enough to guarantee the fate of new initiatives.

We invited the following persons to take part in the discussion on this subject: Zdzislaw Kurowski, government representative for cooperation and joint enterprises affairs, undersecretary of state in the Ministry of Foreign Economic Cooperation; Zygmunt Minarczuk, advisor to the minister of finances; Stefan Jucha, managing director of the Polish-Soviet enterprise Pollena-Miraculum in Krakow; and Eugeneusz Rytel, assistant director of the Industrial Institute for Construction Machines in Kobyłka near Warsaw.

Difficult Beginning

TRYBUNA LUDU: In our forum we want to describe the problems of forming joint Polish-Soviet enterprises. To describe the conditions which exist. What has been done and what needs to be done so that the new forms of cooperation will bring the anticipated results. Thus far, this is not proceeding smoothly. Of the 11 joint enterprises proposed, only one, Pollena Miraculum, has been formed.

Zdzislaw Kurowski: We have great hopes for the development of joint enterprises and it is good that TRYBUNA LUDU is showing interest in these problems. But I would like to start with more general matters and present a broader background for our talks.

We know that Poland's economic and trade relations with the USSR are of fundamental importance for the stable, planned development of our economy. One third of all of Poland's trade abroad is with the Soviet Union. In turn, Poland also holds a significant place (8 to 10 percent of Soviet foreign-trade turnovers) in Soviet trade.

The ranking and significance of this cooperation were reflected in the decisions made during the recent visit of prime minister Zbigniew Messner in Moscow. Let us recall that they pertained to such basic matters as ensuring of deliveries of raw materials for our economy, postponement of foreign-currency debt payments to the USSR, and the Soviet Union's participation in completing halted investments in our country and the modernization of Polish industry.

During the course of the prime ministers' meeting, a comprehensive examination was made of the entire range of cooperation in order to eliminate obstacles standing in the way of implementing the program of further development, by searching for qualitatively new forms of cooperation. Strong emphasis was placed on the fact that Soviet perestroika and Polish reform open up new possibilities for departure from the past traditional forms of commodity exchange and trade, and the beginning of new, effective forms of cooperation between enterprises. Cooperation which provides a broad exchange of experience between them and the undertaking of joint research-and-development and design projects. This will create a base for coproduction and specialized production, and as a consequence, an opportunity to increase mutual turnovers.

The essence of a qualitatively new stage in the development of Polish-Soviet economic relations lies, therefore, in creating—in addition to the present intergovernmental and interministerial contacts, a third area of contacts in the form of direct cooperation between enterprises and scientific-research institutes, the creation of joint design-research offices and joint production enterprises. These new forms, which will be the subject of our talks, now really constitute a fraction of a percent of total deliveries. But there is no doubt that the future belongs to them.

Stefan Jucha: Pollena-Miraculum, up to now, is the only joint Polish-Soviet enterprise. We have been able to attain that much. We have gone through a whole.

extremely complex process of organizational and financial agreements. As of 1 April 1988 we are registered as an international enterprise. But also, aside from many problems already solved, we have a series of unexplained matters. Very simply, this is something so new in our relations that every problem, even a small one, makes itself felt.

Zdzislaw Kurowski: That is true, but let us say outright that we are pioneering in undertaking the new forms of Polish-Soviet economic and scientific-technical cooperation. We are urging solutions which have never been applied in the CEMA.

Actually, in the beginning 11 enterprises were selected to become joint enterprises. But during the course of the intensive preparatory work it turned out that the plans were not correct in every case. And as of today only Pollena Miraculum has been completed. Four other enterprises are at the stage of preparing technical-economic assumptions and final agreements.

What is the problem? The problem is that it must be profitable for both sides. Nothing here should be a fiction. More than that, it should be profitable not only to the state but to the units, to the base on which the joint enterprise is formed. And this is not always so simple because we are touching upon different systems of price-fixing and different methods of calculating profitability in both our countries.

Stefan Jucha: I think that herein lies the essence of the problem. In profitability, in—and I will say it frankly—the highest interest of the enterprise. For how was Pollena-Miraculum formed? Precisely in this way: at a certain moment we felt an unsurmountable barrier. We had old, wornout machinery and equipment and old buildings. And, obviously, we had no money for development. But we had made ourselves known on the foreign markets and we had a very good reputation with our Soviet partner. He imported almost half of our production.

We asked ourselves, what next? How do we change working conditions (80 percent of our workforce are women) and how do we open up an opportunity for development in our enterprise? The potential domestically was small, therefore we could only count on international cooperation. And we decided on cooperation with the USSR. In the firm's interest, under the pressure of needs, we began attempts to form a joint enterprise.

Eugeniusz Rytel: I heard the words "firm's interest." I think that that is precisely what we have to adhere to. A reconstruction is under way in the USSR. In our country we are applying the second stage of economic reform. In essence, this means that we must take into consideration the basic interests of independent economic units. We must, therefore, create conditions under which these enterprises can compete and fight for what is recorded in the intergovernmental agreements. I especially have the

right to think so because our institute and in general the sector which it represents, has several years of experience with cooperation and indisputable results of this cooperation. Jointly with our Soviet partners we have created an entire family of construction machines, closely adapted to construction conditions in our country. Our machines are operating in Siberia as well as in subtropical republics. Very simply, they are well-adapted to various climatic conditions.

Cooperation with Soviet centers has allowed us to save both partners at least half a billion dollars. Previously, both countries imported this type of equipment.

Zdzislaw Kurowski: But when talking about this we should not omit the matter of the profitability of our export production and its effect on the development of export and coproduction. The growing costs of production in our country also have a part in this.

Eugeniusz Rytel: Years ago, accounts-settlement principles were established under which the prices of coproduction elements on both sides were fixed. Each of the sides assembles and exports a finished machine. But there is another problem: the currency exchange rate. The same machine, if it is sent to the West, is profitable because of zlotys conversion. But if it goes to the East, the profit is not the same.

Zdzislaw Kurowski: This is really one of the key problems. The principles of establishing the exchange rate of the zloty to the transferable ruble and convertible currencies in turnovers with socialist countries (including the USSR) and capitalist countries, are the same. Nevertheless, enterprises trading with the USSR do not have the same chances as they do in trading with capitalist countries. I am referring to the purchase of necessary goods for rubles obtained from export to these markets.

A transferable ruble, as we know, is not convertible. Within the framework of the CEMA and also in bilateral cooperation we are taking certain actions in this matter. Our ministry along with involved institutions is also working on modifying the principles of allowances on ruble accounts. The essence of these modifications lies in ensuring that there will be goods to cover the amounts of ruble allowances held by the enterprises.

How To Calculate?

TRYBUNA LUDU: In following the new forms of cooperation, starting from joint enterprises and ending with border trade, the compelling thought occurs that what we are doing still does not correspond with the needs of either the Polish or the Soviet economy.

Zdzislaw Kurowski: I am inclined to go much further in this assessment and say that unfortunately within the framework of the CEMA we have not been able to work

out any economic and financial solutions which would make it easier for cooperating enterprises to maintain economic accounts and make decisions based on such accounts.

Zygmunt Minarczuk: It was determined a long time ago that if trade is to really function efficiently, a common money is needed. When the transferable ruble was created in the mid-1960's it was supposed to ensure an increase in turnovers among CEMA countries. But for various reasons it did not fulfill that role then and even more so it is not fulfilling it now. It does fulfill the role of a common money. It is strictly an instrument for settlement of accounts. It does not solve the questions arising in multilateral exchange of goods and services, which seriously restricts and reduces its role. In order for it to fulfill such a role, it must assume the function of an international money.

This, in turn, is linked to the existence of the market. We know, after all, that there is no money when there is no market, because only on the market can it fulfill its function. Yet until recently the practice of strict trade quotas was in effect. In international contracts, therefore, what goods and in what amount the particular countries would exchange was strictly defined. Under these conditions, even if one of the partners has transferable rubles he cannot use them to buy commodities which are not on this list. The road to international money, therefore, is through a normal market and a relaxation of the rules of trade quotas.

TRYBUNA LUDU: Already in the early 1970's it was envisaged that part of the turnovers would not fall under trade quotas and the transferable ruble should fulfill the role of an international money. But in practice almost everything at that time was on the commodity lists. Now there is another approach. The coordination of plans occurs on three levels. On the level of the Planning Commission, mutual deliveries of raw and other materials deemed to be strategic from the standpoint of the economy are decided. On the ministry level, deliveries which are crucial from the standpoint of the functioning of particular branches of industry are decided. And on the level of the enterprises, the broadest possible exchange—resulting from their real needs and economic interests, and completely without quota restrictions—of various goods, coproduction services, etc., should be agreed upon. Herein lies this great chance to create a genuine market. Will this be enough? How do the enterprises themselves see this chance today and how are they taking advantage of it?

Stefan Jucha: When we came up with the initiative of forming a joint Polish-Soviet enterprise we did not realize the difficulties we would encounter, what complicated issues we would have to deal with.

Poland's share in this enterprise is 60 percent. It is comprised of: The value of the old building; know-how, i.e., our entire knowledge—the formulas and other

reports which we possess; the investment which has been begun and the turnover funds which constitute our assets on the day the joint organization was formed. Certainly, as the first in the country we had to appraise our entire assets in connection with this and put a price on our know-how. And this is not a trivial matter. After all, the know-how alone is really worth the amount of our old little factory—approximately 300 million zlotys.

After twice appraising the investment which had been begun, it was determined to be worth almost 2 billion zlotys and there were about 1 billion zlotys in turnover funds on the day the enterprise was registered. The Soviet input was in rubles and in convertible currency, just as was a part of our input. It is allocated for completion of the investment and for the purchase of indispensable machinery.

The division of profits will be proportional to the share of the pertinent countries in the founding fund. My assistant, and actually (and I emphasize this) my assistant responsible for investment, is not some kind of "minister without portfolio," but a Soviet citizen.

Why am I talking about all of this? I want to clearly state that moving through each of these stages, and particularly the appraisal of our know-how, entailed enormous difficulties. But only because we were vitally interested in forming a joint enterprise were we able to somehow overcome all these obstacles. During the entire time we did not let go. We did not bend under the weight of the problems. Consistently and stubbornly we strived for a given solution.

On our side, a permanent group of negotiators was appointed, which made it easier for us to conduct talks. On the side of our partner, the teams frequently changed. For example, we began our work with a representative of a Soviet perfume association, which after a certain time was liquidated. The ministry took over the case and together we brought it to a conclusion.

I am emphasizing these legal, organizational, or even bureaucratic problems. But in a situation when we have unconvertible money, when there are various price-fixing methods in our country, all of these issues multiply and become sharper. In return for our ruble export we will receive a corresponding pool of raw materials. Naturally, it would be best if an ordinary economic mechanism operated here and everything could be calculated accordingly.

Eugeniusz Rytel: This lack of a common mechanism is also beginning to greatly interfere in the cooperation, which, after all, has been going very well in the production of mobile cranes. The affected organizations, or research-design teams, are feeling this. Their work within the framework of direct ties with Soviet centers.

although it is bringing enormous results for both economies, is not suitably motivated. It simply is not reflected in the financial figures of these organizations. We must take this into consideration under reform conditions.

On Convertibility

TRYBUNA LUDU: Whichever way we go in our discussion, we constantly come up against this same barrier. I am referring to the question of financial accounting, the lack of a currency mechanism. Let us return to this once more.

Zygmunt Minarczuk: We have already mentioned that thanks to the decisions of the 43rd Extraordinary Session of the CEMA, the quota system has been relaxed. It is slowly becoming possible for international money to function in our turnovers. If the transferable ruble could become such a money, it should, above all, be an efficient measure of value. But, in order for it appear in this role, prices in our mutual turnovers should be world prices. Acceptance of the principle of incremental prices brings us closer to that, but after all, these still are not world prices.

The transferable ruble should also fulfill the function of a means of accumulation. This means that it can be accumulated in an account, bear interest, and when the need arises be easily exchanged for necessary goods. And again, for it to fulfill such a role in turnovers among CEMA countries, the issue of the convertibility of the particular national currencies among themselves and their convertibility to transferable rubles must be decided.

The already mentioned 43rd CEMA session decided that we shall approach the convertibility of national currency in stages, then move on to the convertibility of these currencies into the transferable ruble, and in the future it is foreseen that it, too, will be convertible into other currencies of the Western world. All of this portends that in the future we will reach full convertibility of our currency. But I do not believe that this process will take less than 10 to 15 years.

Zdzislaw Kurowski: New forms of Polish-Soviet cooperation are so valuable because they break down past barriers and expose to the light of day all of the brakes on the development of the exchange of trade and scientific-technical ideas. Their importance should be judged not by their share in total turnovers, but by the fact that in precisely this way, from the bottom, from the enterprises themselves, impulses are emitted which help to perfect the mechanisms of Polish-Soviet cooperation and multilateral cooperation within the framework of CEMA.

And despite the intergovernmental agreements which have been signed and the growing elasticity of the Polish and Soviet economies, there still continue to be many problems. This is the first example: Two cooperating

enterprises decided to exchange bearing balls and transmission gears. At a production which goes into the millions, 1,000 units is really a small amount. But for the customs official who receives this lot from abroad, this is not really so small an amount. Yet the agreement speaks of sending samples and small lots of coproduction elements. And the customs official has the full right to question such a shipment.

Based on this example, we see the need to make new regulations more precise, but primarily, to break down the psychological barriers, to become accustomed to such exchange. Anyway, there are many similar examples on both sides pointing to the existence of various barriers making direct cooperation between enterprises difficult.

Stefan Jucha: I could cite them without end. For example, in order to employ my assistant, who represents the Soviet partner, I have to have the permission of the employment department and find him suitable housing, which in our conditions is not at all easy.

Another unsettled matter: Where am I supposed to keep rubles, both those which come from the Soviet input and those which our enterprise earns from export. Can I choose a bank, because after all, we do not want this money to lie unproductively in a safe—we want the interest on it to grow. Can we put our foreign currency in a domestic bank which we choose, or in the USSR, or in any bank in the world? Where are we supposed to put it?

I know that solutions will come, but now, officially, there still are none. And yet, as soon as the international enterprise was formed, all kinds of contracting parties began to come to us. From the West also, they now want to work with us, even though previously they somehow did not indicate this wish to us.

Miraculum, even in its old form, if it were attractively packaged, could be sold on world markets. But now, when production increases fivefold as a result of investment and modernization, it will become an important company, which will be worth competing for. New possibilities are opening up for us, the ability to do business on a large scale. And we are not asking for any privileges or reliefs. We expect normal, stable conditions under which we can conduct the economic activity which corresponds with our growth potential.

Surmounting Obstacles

Zygmunt Minarczuk: The Minister of Finance will give permission for both the selection of a bank and for the disposal of all of your foreign currency funds. It will also make it possible to purchase zlotys for transferable rubles. Because, after all, that will be necessary. What you now have will probably not be enough for the amount of production that is planned.

Zdzislaw Kurowski: I think that the fact, mentioned at the beginning, that only Pollena-Miraculum has finalized the formation of a joint Polish-Soviet enterprise, requires a comment.

That some of the plans failed shows that the situation was assessed realistically, that there is no intent to create artificial economic organizations. I think we should look at it in that way and not draw any hasty, and even pessimistic conclusions.

Eugeniusz Rytel: The formation of joint enterprises is a process. They should be created on a base of production plants and scientific-research centers in a completely natural way. For years, our institute has been directly cooperating with a Soviet partner. I spoke of the economic results of this cooperation. Now we are going further. We are coordinating research-design plans. A board of directors has been set up.

Along with more modern machines we can bring about closer coproduction ties and coordinate trade policy on third markets. Now, with coproduction, construction machines are assembled in both countries. And each country exports on its own. These same machines, made up of the same elements but assembled in both countries, are independent of each other and sold on world markets.

Will a joint enterprise be the natural crowning of this long-term cooperation? In any case, such a development of events would probably be logical and that is how we see it today.

TRYBUNA LUDU: The changes taking place in the Soviet economy, opening it up to the world, should help the new forms of economic cooperation between our countries and within the entire community of nations. Furthermore, the USSR is now forming many joint enterprises with Western countries. Is the experience from the cooperation of Polish and Soviet enterprises being used in their formation? After all, their formation also requires the surmounting of a series of obstacles.

Stefan Jucha: Up to now we still do not know enough about this. We were promised that these experiences will be described and then we will be able to make use of them.

Zdzislaw Kurowski: The initiatives stimulating Polish-Soviet cooperation, particularly the new forms of cooperation, are very important to our country. We are heavily in debt to the USSR. We want to continue to have broad access to Soviet raw materials. Without that, it is hard to even imagine the functioning of the Polish economy.

As we know, Soviet analyses and planned work envisage a basic change in the directions of export and import. The modernization of manufacturing, begun in the USSR on a large scale, creates a demand for machines

and equipment. But these have to be technologies of a world standard. Also, the Soviet market for consumer goods is becoming more and more demanding.

But what is most important, the USSR is also counting on a change in the structure of its export, and on a growth, in that export, of the share of highly processed products at the expense of the export of raw materials. Such a conversion cannot occur overnight, but these tendencies must be taken into account right now in our analyses and deliberations. To put it simply, in order to ensure ourselves further deliveries of raw materials, we must correspondingly increase the amount of export to the Soviet Union and increase trade turnovers. Everything that can bring this about must be taken advantage of.

The formation of joint enterprises, the surmounting of barriers on this path, the development of additional exchange through border trade or by supplementing the needs of particular enterprises, not only has a favorable effect on the overall growth rate of turnovers, but also formalizes our exchange. It serves in some measure as a kind of catalyst for the anticipated reconstruction of mechanisms in the functioning of CEMA, a system of cooperation within the community of nations.

In underscoring the inadequacies appearing in this cooperation, it is worth remembering that during our most difficult moments it played the role of stabilizer in a shaky economy. But today's needs are much greater. Nor should we forget that CEMA is exactly what the countries which make it up want it to be. It functions and fulfills its role to the extent that the standards and instruments with which it is equipped permit.

Why do I speak about this? Because we are witnesses to an important process. The political desire to reconstruct cooperation within the CEMA was demonstrated at the 43rd Extraordinary Session. Now the text, the practical solutions of this important political decision, are being filled in. In taking up the issue of these new forms, Poland and the USSR are also making an important contribution to the rebuilding of CEMA mechanisms. We know that we have begun a matter which has the character of a process. What is important is that we not waste time, which, after all, is also an economic category.

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Joint Enterprises Favored in Polish-Soviet Cooperation, Problems Foreseen

26000377b Warsaw ZYCIE GOSPODARCZE in Polish
No 17, 24 Apr 88 p 2

[Article by EM: "A Different Content of Relations"]

[Text] The Polish-Soviet friendship and cooperation treaty, the 43rd anniversary of which we are now celebrating, has proved itself over this long period of time to

be a lasting and reliable foundation for the comprehensive development of mutual relations. The relations themselves, though, had to and, in fact, did undergo changes, which are particularly apparent in the sphere of economic cooperation.

At least several phases of their development may be distinguished: the period immediately following World War II, when we used the multifaceted assistance of the USSR in rebuilding our country; the period of laying the foundations of the new [political] system and industrialization, when we also drew a lot from the resources and experience of our neighbor, and this still remains an achievement of more than just historic significance, despite some things not passing the test of time. Then came a longer period of establishing a partnership, when mutual exchange and cooperation became an increasingly important factor of development in both countries (although in this instance we should keep in mind the proportions which make the Soviet Union the partner of exceptional importance for our country. In turn, this period can be divided into individual phases in which cooperation has been enhanced and assumed new, more developed forms. Likewise, we should not forget about the dramatic collapse in the late 1970s and early 1980s.

One common feature was characteristic of all these periods: a single dominant factor, the state, always determined the content of mutual relations. Only recently has a fundamental change occurred. Polish-Soviet relations are becoming more collective, as other, autonomous units join the process of their development. This is in keeping with the policy of socioeconomic and political reforms pursued by the PZPR and CPSU.

The May 1984 signing of a long-range program of cooperation in the economic and scientific-technical spheres until the year 2000, based on new and qualitatively different principles, may be considered the beginning of development for the "collectivized" model of Polish-Soviet relations in this field. Making use of the initiative of the basic elements in the economy—enterprises and other economic and scientific-technical organizations—is the heart of the new strategy of further developing mutual relations. It should facilitate a broad-scale development of specialization and cooperation in production and scientific-production endeavors, as well as in services. Joint development and the use of new technology, resulting in new products sought after in the markets of both countries, should be an inseparable component of mutual cooperation.

The long-range program of economic and scientific-technical cooperation until the year 2000 includes 62 topics involving specialization and cooperation in production, 73 topics involving new technologies, and 28 topics aimed at starting up the production of goods [currently] imported from the capitalist countries. To

date, 180 treaties, agreements and contracts for implementing individual undertakings have been signed. The first results have been obtained, e.g., the tape recorder MEZ109ST produced in Poland.

The comprehensive Polish-Soviet program of scientific-technical progress, signed on 19 September 1985 and subsequently revised and rendered more realistic, complements and builds on the long-range program of economic and scientific-technical cooperation. In its present form, it embraces 109 tasks involving the development of new types of machinery and equipment, such as self-propelled cranes, brakes, electromagnetic clutches, methods for reducing the grid loss of electricity, technologies for processing crude oil and coal into liquid fuels and new consumer goods. Among other things, starting up the production of laser printers, magnetic memory units and personal computers is expected to result from scientific-technical cooperation within the framework of the program. Developing the design of a highly efficient power industry boiler is expected, as well as many new materials which are to be used in many products of the electronic and machinebuilding industry (polipropylene, epoxy resins, polymer composites, hard metals).

With a view to providing opportunities for joining in the implementation of new, complex tasks, Poland and the USSR agreed as early as 1984 to create conditions for direct cooperation by enterprises, economic organizations and R&D institutes and facilities. These undertakings preceded similar actions at the CEMA level the same year. The signing on 15 October 1986 of intergovernmental agreements on direct production and scientific-technical cooperation by enterprises and economic organizations of the PRP and the USSR and on basic guidelines for the formation and operation of joint enterprises and organizations was an important milestone in creating the foundation for this new form of cooperation on a bilateral basis.

From April 1987 on, the coordination of undertakings in Poland within the framework of these agreements has been ensured by the government plenipotentiary for cooperation and joint enterprises, and in the field of scientific-technical cooperation—by the Office of Scientific-Technical Progress and Implementation. The council of directors of organizations involved in such cooperation is an auxiliary agency.

In accordance with the executive regulations issued later, all Polish enterprises have the right to establish direct cooperation with Soviet partners. In solving the practical problems of such cooperation, they are aided by the PIHZ [Polish Chamber of Foreign Trade] and the Commerce and Industry Chamber of the USSR, which signed an agreement in the matter in December of last year, and by trade missions in both countries.

About 200 pairs of production enterprises and over 100 R&D organizations in both countries have established direct cooperation. It is already bringing perceptible

results, though it has not yet reached the scope corresponding to the plans and possibilities, and in many cases has not transcended the initial phase.

Joint enterprises should become a new, more advanced form of cooperation. The plans for setting up such enterprises came up in early 1986. To date, only one has been set up—the fragrance and cosmetics enterprise "Miraculum." Other projects are in the more or less advanced preparatory stage.

However, it has turned out that such undertakings call for solving many complicated problems, from defining the organizational and legal form (international enterprise, company with foreign participation, association) to valuating the assets and establishing the system of financial settlements. Some of the problems were successfully solved by the meetings of the ministers of finance of the two countries and the co-chairmen of the Polish-Soviet commission for economic and scientific-technical cooperation. Other problems require more work. Among other things, the following are envisaged: simplifying the customs procedure for the exchange of goods resulting from the new forms of cooperation; making possible the use of national currencies for settlements and streamlining the organizational, legal and economic guidelines.

Participation by the USSR in finishing the construction and retooling of industrial enterprises in Poland is also a relatively new form of cooperation. Three undertakings were carried out in the first half of the current decade with the USSR contributing 450 million transferable rubles in loans: finishing the construction of the heat treatment shop for rails and a coking plant at the "Katowice" Steel Mill, and a shop of sheet metal sections for construction in the "Pokoń" Steel Plant in Ruda Śląska.

In February 1986, an agreement was signed on Soviet participation in the construction and retooling of 11 industrial enterprises in Poland, providing for the use of 675 million transferable rubles and \$43 million in Soviet loans for this purpose. Thus far, 6 protocols detailing the tasks involved in implementing individual projects worth 273.5 million rubles and \$30 million have been signed, including the largest project—the expansion of repair docks.

Contracting for Soviet deliveries on credit and coordinating further projects which are to be financed from the remainder of the credit facility are underway. Large undertakings are involved: additions to the production capacity of the plant producing self-propelled cranes (loans for this purpose are expected to amount to 150 million rubles and \$5 million), and starting up the production of hydromechanical gearshifts, bridges for heavy cranes and excavators and hydrokinetic torque converters. This calls for specifying in detail the assortment of deliveries and prices of both the goods delivered and the products turned out after the investment project

is completed. This is no easy task. It is necessary to speed up such work, because we expect the completed reconstruction and modernization of selected enterprises to enable us, among other things, to boost our exports to the USSR.

The issue of the fuel and raw material supply for our economy is one of the most important aspects of the Polish-Soviet cooperation. As is known, in many cases the USSR is the largest and even the only supplier. Yet, ensuring growth of these deliveries entails the necessity to participate in expanding the raw material base.

Since the beginning of the 1970s, Poland has signed many agreements with the USSR in this matter for a total of about 2.5 billion transferable rubles. Construction and assembly work accounts for 1.4 billion rubles. The agreements have provided for the deliveries over many years of about 13 million tons of crude oil, 106 billion cubic meters of natural gas, 30 million tons of iron ore, 440,000 tons of wood pulp, 575,000 tons of asbestos and 108 billion kwh of electricity. However, a large share of these deliveries has already been or will be made within the next several years. Work on the gas industry installations and at the nuclear power stations in Khmel'nitskii, Smolensk and Kursk is still in progress.

By virtue of the agreement of January 1987, Poland will participate in the construction of the Yamburg gas pipeline, ensuring the delivery of 44.6 billion cubic meters of gas until the year 2003 at the cost of 930 million rubles, to be invested in the years 1987 through 1990. At present, the work on the concept of the raw material supply after 1990 is under way in Poland. Cooperation with the USSR in this field will undoubtedly be one of the most important ways to solve these problems.

The USSR is the largest trading partner of Poland, whose share (about one-third of the total volume of [foreign trade]) exceeds the share of all remaining socialist countries. The USSR is also our greatest creditor. As is known, Polish debt to the USSR is due to the accumulation of trade deficits by Poland, and also to loans granted with a view to helping us solve our economic problems. As of the beginning of this year, the debt to the USSR amounted to 5.6 billion rubles and \$1.9 billion. This puts the difficult task of markedly raising the growth rate of exports to the Soviet market on the agenda of the Polish foreign trade.

The targets of the 5-year trade agreement until 1990 would call for ensuring the growth of exports by 9 percent annually on the average in 1985 constant prices (total increment of 13 billion rubles over the 5 years, whereas for imports—only 6 billion). Also, updating the assortment of exportable products has become necessary. So far, we cannot say that these targets are being met smoothly and without difficulties. After the good year 1986, when exports to the USSR increased by 9 percent, and imports only by 2.5 percent, the markedly

worse year 1987 came: the growth rate of exports declined to 5.6 percent, whereas imports fell by 3.4 percent. Despite this, the trade deficit amounted to almost 80 million rubles, whereas the plan provided for a surplus of around 200 million rubles. A sharp increase in exports—by over one-third—was registered only in construction (apart from building industrial installations, Polish enterprises are currently building in the USSR 8 hotels, 13 fruit and vegetable processing plants and doing restoration work in Tallin, Riga, Vilnius and Moscow).

Industry, especially its most modern branches, should make a greater contribution to developing exports to the USSR in the years to come. Among other things, carrying out the tasks set in the long-range programs of cooperation with the USSR will facilitate the growth of the export potential of industry.

During the last working visit by Prime Minister Zbigniew Messner in the USSR, some of the key issues in Polish-Soviet cooperation were resolved: deliveries of Soviet raw materials, rescheduling of [hard] currency debt repayment to the USSR, participation by the Soviet side in completing some investment projects. Both sides reviewed the economic relations in their entirety and resolved to act to eliminate all obstacles in the path of their development. New forms of cooperation will be introduced more rapidly.

With a view to opening up prospects for the stable development of economic relations, the two countries embarked on developing a concept of cooperation for 15 to 20 years, which will be the foundation for coordinating plans and economic policies. The concept should favor further specialization in production based on technical progress and mastering more modern and efficient production techniques, thus creating conditions for better satisfying the needs of both countries.

9761

Soviet, Lodz Hydraulics Plants Cooperation Efforts Described

26000377a Warsaw ZYCIE GOSPODARCZE in Polish No 13, 27 Mar 88 p 5

[Interview with Marian Dabrowski, director-in-chief of the Power Hydraulics Enterprise in Lodz, by Zbigniew Grzegorzewski: "Things Beneficial"]

[Text] [Question] The Power Hydraulics Enterprise became one of 12 Polish enterprises selected to form joint economic organizations with Soviet enterprises. Two years ago you started cooperating with the M. Kalinin Construction Equipment Plant in Moscow. However, a joint enterprise hasn't been set up yet, has it?

[Answer] At the time the concept of creating 12 joint enterprises was announced, economic legislation in the two countries did not coincide, and the adjustment has

not come about in the 2 years since. The prime ministers of Poland and the USSR have signed an agreement on the basic principles of setting up and operating such joint undertakings, but we should not expect the signing of the agreement to amount to the immediate removal of barriers resulting from regulations in effect in the sphere of operations by state enterprises. The opening came in the program and in the concept, whereas eliminating the barriers has remained the task of other elements in the economy. However, I subscribe to the view that life and the needs it creates should be the source of legislation. Therefore, I am not disheartened by this situation. Regulations reflecting practical needs will be passed.

[Question] Should we not also look for the cause of difficulties in the fact that, before the signing of the agreement, the two enterprises did not know about each other?

[Answer] It is true that we met each other only when the agreement of prime ministers coupled the two enterprises. However, this coupling was very successful. The ZHS [Power Hydraulics Enterprise] is the only producer of hydrokinetic gears for construction equipment in our country. The MZMB [Construction Equipment Plant in Moscow] is known for hydrostatic equipment. The Moscow plant was assigned the task of developing hydrokinetics rapidly by its government. We have mastered such production based on our own and U.S. technology. We have a lot of experience to offer. Our partners have a good base for calculating flow systems, whereas we can boast the development of power transmission systems. At this point, I could embark on a long argument about technical and design nuances, the similarity of which—and of interests as well—goes to prove the most important point: both enterprises have a stake in implementing the plan laid out in the agreement by prime ministers.

The Moscow enterprise is an integrated enterprise consisting of several plants, including those located outside of Moscow. It is larger than the ZHS; it has about 4,000 employees. However, as far as technical matters, the production of hydrokinetic and hydrostatic gears, are concerned, the two enterprises are a match in terms of size and potential.

You mentioned that 2 years have gone by. That is true, but I do not think that this time has been lost. I agree with your doubts, though: we could have made better use of this time. Regulations got in the way. However, the two enterprises did not idle. We have coordinated an action program detailing the implementation of joint undertakings. Their technical aspect has been worked out. The volume of mutual product deliveries has been determined. These are no small accomplishments because we had to align the national standards which we use in production, while ensuring their compliance with the international standards, bringing about the standardization of elements so that the proverbial cog would fit

another cog. The results have now been achieved—we just produced five hydrokinetic gears on Soviet documentation, but with the unification introduced.

I just brought from Moscow a new law on enterprises in the USSR. Look what an essential provision for our both enterprises is here! It turns out that we will be able to sell these five gears to the MZMB on the basis of a contract between the two enterprise directors. As it were, in the USSR enterprises have gained the right to finalize export transactions without the brokerage by foreign trade organizations, insofar as the contract covers prototypes, models or preproduction batches. After all, recently we were in a hopeless situation, because we could not do without the brokerage of a competent foreign trade organization, while one has not even been assigned on the Soviet side. Therefore, a step forward, significant for us, has been made.

[Question] This, however, removes obstacles only to transferring pilot production.

[Answer] The next step has also been made: the Soviet side has assigned the foreign trade organization entitled to negotiate prices and the volume of deliveries.

[Question] The issue of the jurisdiction of self-government gave rise to some emotions, as the Soviet legislation does not give it the role our law grants. On the Polish side, the documents outlining what an international enterprise is were lacking. At that time, why didn't you go ahead and set up a company? After all, this form, being the most flexible, provides the best opportunity to set up a production, trade or service enterprise fast and in keeping with the intent of the partners.

[Answer] Indeed, we badly needed regulations on international enterprises. In all of that, we already had a precise view on the role of our employee council in a joint enterprise should be: we did not want the formation of a joint economic organism to reduce the role of our self-government to that of a passive assistant or outright sham. This is why we did not strive to follow completely the old Soviet arrangements in this sphere.

We considered the possibility of setting up a company, but this plan was not the optimal solution; nor is it now. In setting up the company, the Power Hydraulics Enterprise would contribute new production facilities, i.e. the assets of great value, which had to be supplemented by machinery delivered from the USSR. If we were to assume that the joint firm would be set up in Lodz, which was considered at the first stage of mutual coordination, then the Kalinin plant would not be able to contribute assets of equal value to the company. To be sure, the Soviet side has provided large loans, amounting in the case of our enterprise to 100 million rubles and the yet unspecified sum of dollars. However, these are loans given to the Polish government, which will be allocated to the ZHS along the "bank-enterprise" principle in effect in our country.

Therefore, loans cannot be a contribution to the company by the Moscow enterprise. By agreeing to form a company in this financial setup, the MZMB would have a minority interest in it with all the consequences thereof. Thus, disproportions would arise between the enterprises. This is exactly what we would like to avoid.

Naturally, we might also consider the feasibility of setting up a company with equal contributions by both parties, the level of which would be aligned with the actual financial resources of the Moscow enterprise. However, in the ZHS, which is a homogenous enterprise, this would bring about a situation where, within shops, we separate out production lines which are adjacent to the lines of the Power Hydraulics Enterprise. This is the way towards artificially dividing up the ZHS organism. One may imagine the conflicts which would occur among the workforce so divided.

Our common goal is to create a structure which would bring tangible benefits for both parties. This is not to say that right now all the arrangements should look as they were conceived at the time the content of the agreement between the prime ministers of Poland and the USSR was announced.

[Question] Please, elaborate.

[Answer] This year, our first joint service station for repairs of hydraulic systems, called "Interhydraulika," will open in the vicinity of Moscow. We provide the testing stand, technical equipment, special instruments and employees. The Moscow enterprise will also provide professionals, as well as the space for the station, and will take care of the energy supply. The capital will be joint, each party contributing one-half.

The development of "Interhydraulika" is possible due to the passing in November 1987 of a resolution of the Council of Ministers on implementing the agreement between the government of the PRP and the government of the USSR on basic principles for setting up and operating joint enterprises and joint organizations. For the purposes of this resolution, "Interhydraulika" is a joint organization.

[Question] However, the resolution we have mentioned provides for setting up both joint enterprises and joint organizations, and the first term does cover both an international enterprise and a company with foreign participation. Thus, the provision on international enterprises, the lack of which the ZHS has complained about, has been amended. Why have you not opted for an international enterprise as a solution?

[Answer] We started setting up "Interhydraulika" before the publication of the resolution. In turn, the regulations on international enterprises are so new that, on the one hand, we would have to commit entirely to such an

enterprise, while, on the other hand, this would mean venturing into uncharted waters, and we are not yet ready for it. Finally, a joint organization is exactly what we want to have.

[Question] Who will have the decisive voice in the matter of operations and financial results of "Interhydraulika?"

[Answer] The organization is joint, and this includes complete equality. It is headed by secretariats led by the two directors-in-chief, who meet once every quarter to establish future financial outlay. This is the very beginning, the embryo which will in time be transformed, through development, into a joint enterprise.

[Question] However, is this not the kind of improvement in the forms of cooperation, the effects of which could hardly be called even a substitute of a joint enterprise?

[Answer] It is not really necessary for us to immediately create a joint enterprise headed by one person. If the course of events in the future shows that this is "only" a perfect form of cooperation, this is good in and of itself. The things we do should be beneficial for both enterprises. This is the overriding concern, more important than the kind of organizational arrangement accepted for joint actions.

In the economy, slogans cannot replace economic results. This must be clear, and by now this cannot be upsetting.

[Question] Following the creation of "Interhydraulika," has the Power Hydraulics Enterprise been apprehensive on account of the principles of foreign trade settlements in effect? Where do you stand on the dollar-ruble-zloty triad?

[Answer] You have touched on a very sensitive issue. It may be that the success of the undertakings we are discussing will hinge to a large degree on how this issue is resolved. Setting prices in Poland on the basis of cost plus enterprise profit makes us a not-so-attractive partner for the USSR. In turn, keeping the ruble-dollar rate, counting \$0.62 per ruble, makes our exports barely profitable. Furthermore, a comparison of these three currencies brings about a situation in which our exports to the USSR converted from the ruble to the dollar value give us one-half the dollar amount than in the case of contracts signed with the 2nd payments area [dollar-denominated trade].

Overcoming this barrier is the province of the heads of the two states. We should also look for solutions within the framework of the CEMA. This is an urgent matter, because it involves trade within the entire socialist block. For us it is also essential because the operation of the joint structure will develop not only to meet the needs of the economy of our two states, but will also be geared to joint exports to third-countries.

[Question] We are discussing obstacles too difficult to overcome. Meanwhile, one joint enterprise has already been set up. Has the case of "Miraculum" introduced any new elements?

[Answer] The creation of "Miraculum" was of great interest to us. Yet, we do not attach great significance to it as far as the future of cooperation between the ZHS and the MZMB is concerned. "Pollena-Miraculum" is an enclave created due to setting up a special arrangement operating along special guidelines, outside the framework of the general regulations in effect. It is good that a precedent has been set which will make it possible to gain experience. However, for now we do not intend to seek such an arrangement.

Special arrangements are not always good enough to become general practice. An enterprise which wants to develop by transcending the limits of the enclave will run into difficulties it will not be able to overcome on its own. It will have to wait for a solution to the problem by way of creating yet another enclave for its operations. While developing our own contacts, we prefer to wait until the regulations are improved further. After all, we do not stand in place while waiting. I do not think that our attitude brings about lesser dynamics of undertakings than that of "Miraculum."

[Question] You brought up the dynamics of joint undertakings. Yet, you had to suspend the deliveries of equipment from the USSR to avoid the situation where your enterprise is no longer creditworthy.

[Answer] Indeed, we have outrun the legislation too much. In order to carry out joint undertakings, we submitted our requests for the equipment from the USSR to "Metaleksport." On the basis of preliminary orders, "Metaleksport" shipped us the equipment. We committed our own funds on too great a scale. Now we must wait for the price mediation to run its course. Being unable to further commit our own funds, we are waiting for the disbursement of the ruble loans granted to our government by the USSR. For the loan to be disbursed, the technical and economic outline of the investment project needs to be endorsed, and this requires that the prices be set. This is where the [vicious] circle closes, at least for now.

[Question] The history of the ZHS has been tempestuous. How does the workforce view these issues?

[Answer] The history of the ZHS can truly be considered interesting. First, we were herded into the system of "Prema" association, which was supposed to develop the production of clutches, gears and so on, but itself lasted only a year and a half. At that time, they shoved us into the Combine of Textile Industry Equipment "Wifama" which never had anything to do with hydraulic systems for construction equipment (nobody ever tried to explain to us the reasons for this). Later came the struggle of the ZHS to get out, which "Wifama" did not

want to agree to, because we were achieving good results in production. After the separation, we co-founded "Polmatex" Association, which we left, and set up together with others "Bumar-Zemak" Association, to which producers of construction machinery belong. As a contractor, we are in the right place and in the right company.

This is a history rich in events, considering it is only several years long. On top of it all, there is the story of the waste of time we have endured due to the long-lasting economic policy which gave preferences to the producers of final products. The contractor is still treated as "the fifth hind leg," and we have to fight for every cent obtained for a product sold by the direct exporter. Despite this and other difficulties, our enterprise, which is too small to make "The List of 500 [Largest Enterprises]," ranks in the third hundred of the largest exporters in the country; with sales of 2.4 billion zlotys, our direct exports come to 1.2 billion zlotys. If indirect exports are taken into account, then it turns out that foreign contracts account for 70 percent of our sales. We do not use export subsidies, while we draw from exports 700 million zlotys in profits! The current investment policy being what it is, we still managed to start up production in 1987 at a new plant (3.5 hectares of enclosed space). This may contribute to the positive image of the enterprise, and the workforce is aware of it.

We have fought for autonomy and a favorable economic position with patience and perseverance. Employees keep this in mind. This is very significant, because we all remember how much emotion surfaced in the populace on the account of transactions with the socialist states. Now the emotions are weaker, the issues clearer and the understanding greater. The ZHS workforce appreciates the thrust of the actions by both enterprises. I regard as a vote of confidence the resolution of the self-management granting to the director full powers to negotiate the issue of cooperation between the Lodz and Moscow enterprises.

We talked here about the passing time, which could be used better. However, this is also the time for becoming realistic, and only this attitude can bring success. We will develop cooperation because it benefits both enterprises.

[Interviewer] Thank you for the conversation.

[In the box] The M. Kalinin Construction Equipment Plant in Moscow produces hydraulic assemblies for construction equipment. It is the only producer of hydraulic gears for such machines in the USSR. In addition, the plant has a well-developed production of pumps, multipiston hydraulic engines and hydraulic control elements, such as valves, control units and programmers. The enterprise has developed modern methods of designing gears, ensuring a reliable determination of their performance, which makes the process of preparing the production of new items considerably shorter and cheaper.

The Power Hydraulics Enterprise in Lodz is the sole producer of hydrokinetic gears for all types of construction machines in our country.

Before joint operations with the Soviet enterprise were considered, several types of hydrokinetic gears for the new generation of Soviet construction equipment were developed through scientific-technical cooperation. The enterprise is very experienced in producing such gears (it has been making them for over 20 years); modern technologies and designs are used. Some of them were developed in cooperation with US companies.

Also, the ZHS has the most up-to-date installations for testing hydraulic pumps and engines in the CEMA countries, which can be used to test the products of the Soviet partner.

The ZHS also produces hydrokinetic control elements for construction equipment. Technologically, these assemblies are similar to the products of the Soviet partner; they may be used interchangeably. The ZHS has a US license for modern pumps and multipiston hydraulic engines, which has not been completely implemented yet. However, production of many parts has been mastered. The enterprise has prepared for production its own design for control elements, which can also be used in the pumps and engines produced by the Soviet partner.

It is apparent from the above overview that there has been an opportunity to work together, including cooperation in production and technical and development cooperation (sharing of technological and organizational know-how, development work).

At the first stage, such cooperation will involve primarily the hydrokinetic gears. It is expected that the manufacturing of new gear types for newly produced machines in the USSR will be started at the ZHS in Lodz. The idea is to standardize these gears with those produced for Polish customers. It is expected that, within a joint organization, the ZHS will specialize in hydrokinetic gears, the production of which will be phased out at the Kalinin Plant.

At the second stage, cooperation in hydrostatics is envisaged. This should help the ZHS to completely start up the production of pumps and engines under a US license.

At the next stage, the start-up of production of new types of pumps and engines developed jointly by Polish and Soviet specialists is envisaged. This stage should also embrace the specialization of the ZHS in producing hydraulic control assemblies.

**Italy Prepared To Grant Credits Based on
'Animex' Contract**
26000336c Warsaw RZECZPOSPOLITA in Polish
6 Apr 88 p 1

[Text] Poland's credit worthiness in the world continues to be assessed relatively low. Therefore, we continue to have problems with finding credit which is so greatly needed in our national economy.

The position earned by some of our foreign trade enterprises on the markets of particular Western countries makes it possible at times to break through this barrier. An example of this may be our largest exporter of animal products "Animex."

The chairman of "Animex," Czeslaw Pereta, told this RZECZPOSPOLITA journalist that the Italian Government has recently expressed readiness to grant Poland credit in the amount of \$100 million to \$200 million. One of the conditions is the guarantee of the repayment of this debt by "Animex" which represents an important exporter to the Italian market.

9853/08309

**Wroclaw Enterprises Discuss Reform
Implementation Efforts, Problems**
26000334b Warsaw TRYBUNA LUDU in Polish
1-4 Apr 88 p 8

[Text] Wroclaw—The exchange of opinions on the subject of the implementation of the assumptions of the second phase of the economic reform was the topic of the meeting on 31 March of the administrative, political and social management boards of the "Pafawag," "Elwro," and "Polar" enterprises of significance to the national economy.

A particularly large portion of the discussion was devoted to the problems associated with the modernization of plants, the updating of production as well as increasing exports and the supply of refrigeration and laundering equipment to the marketplace. The large reserve supply of fabricating materials, unutilized production potential, and the sluggish introduction of technical innovations and improvements result in overly slow production growth and higher prices on products—it was reported.

Many critical opinions were directed toward coproducers who supply needed materials unsystematically. This causes work stoppages and disorganization.

Politburo member and PZPR Central Committee Secretary Tadeusz Porebski as well as Council of Ministers Vice-President Zbigniew Szalajda participated in the meeting. Next, they took part in a party-technological conference devoted to manufacturing.

The political-economic aktiv from the provinces of Jelenia Gora, Legnica, Walbrzych and Wroclaw participated in the meeting. The conference was accompanied by an exhibit depicting the benefits derived from the practical application of new technology in Lower-Silesian enterprises.

9853/08309

**Pre-Strike Assessment of Wroclaw Enterprises
Notes Conflicts, Problems**
26000378 Warsaw ZYCIE GOSPODARCZE in Polish
No 16, 17 Apr 88 p 9

[Article by Edward Wrobel]

[Text] At the initiative of the party's central committee, talks are being held between the representatives of the central government and the managements of industrial plants. They were recently held in Wroclaw's Pafawag, where in addition to the hosts, management groups from Elwro and Polar participated. The following persons were present: Tadeusz Porebski, Politburo member and CC secretary; Zbigniew Szalajda, deputy premier; Zdzislaw Balicki, first secretary of the PZPR Factory Committee; and Janusz Owczarek, governor of Wroclaw Province. Representatives of the Ministry of Industry, bank, Chief Technical Organization, treasury office, and Economics Academy, were also seated at the tables, which were arranged in a rectangle.

The picture that emerged from the statements made by the managing directors of Pafawag, Elwro and Polar, and the chairmen of the workers' councils and first secretaries of the factory committees showed that the realities did not differ from the norm.

Director Edward Blaszyk (Pafawag) reported that the factory is recovering from the recent economic upheavals. Production in 1987, in comparable prices, rose almost 26 percent over the preceding year and was achieved entirely through a growth in labor productivity (30.5 percent). Profitability, at 17 percent, was achieved mainly as a result of modernization, growth of export, and thrift programs.

But the work was done under conditions of serious disturbances in the the flow of coproduction materials. Although productivity last year rose almost one third, at the same time labor-intensiveness rose over 15 percent. Pafawag has a very low work-shift index (1.09) and barely 40-percent utilization of machines and equipment. Employment in 1987 dropped another 3.4 percent, although the average wage jumped from 25,000 to 35,000 zlotys.

Close to 33 percent of this year's production are new items: Passenger locomotives, triple-locomotives for suburban railways, and freight-car wheel sets for both wide and standard-gauge tracks. Passenger cars are not being built. It is estimated that 4.4 billion zlotys of

investment money is needed. The factory's payments situation is not good and stocks are approaching the equivalent of 3.4 billion zlotys.

The chairman of the workers' council, Wieslaw Rachwal, does not overestimate the relative stability. He said that development is not possible. The reform solutions, and especially the set of economic instruments, deprive Pafawag of financial resources. Machinery and equipment is 70 percent worn and the development fund is not sufficient for simple reproduction. Bureaucracy is returning. The factory organizations want reform "in their own way," and do not conduct the most progressive cadre policy.

Leon Wodzinski, first secretary of the Factory Committee, admitted that the atmosphere in the factory is not very good and that it has not been possible to establish cooperation with the workers' council. Huge stocks, lack of new startups and modernization, poor utilization of labor and resources, insufficient materials and foreign currency, coproducer willfulness, technological stagnation, employee resignations—do not make for a good mood and give rise to different viewpoints on approaches to problems.

Elwro, it seems, is sailing under full sail. Director Andrzej Musielek reported that with 62-percent utilization of machinery and equipment, a profit of 6.5 billion zlotys was achieved in 1987, which is almost a 50-percent jump over the previous year. Production rose 25 percent and export to both payments zones grew 45 percent, as did wages. These kinds of results are possible only where reform is consistently implemented.

"We began reform," says director Musielek, "with a complete decentralization of accounting in our factories and departments. We are increasing wages primarily in the new-design areas. The 'wage mechanism' clicked and truly became the driving force. Elwro's good economic results come from relevant material increases and completely meet development needs in zlotys and foreign currency. They are diminished, unfortunately, by the need to finance huge stocks (calculated at 8 billion zlotys) rising from price increases and lack of continuity and uncomplementariness of deliveries of raw materials and supplies."

In this situation, in the opinion of the chairman of the workers' council, Andrzej Pizel, one can talk about total self-management. Over 200 people are working in the factory self-management, mostly young pragmatists.

"We take very seriously," said Andrzej Pizel, "the assurance of the central government that they are supporting workers' self-management, but the latest decisions are aimed at reducing our powers. The reforms of reform are pushing us back in the direction of where we started."

The PZPR Factory Committee secretary, Jerzy Chrusciel, said that the good management of the enterprise and its results definitely facilitates the work of the party organizations. In Elwro, the party tries to extend the reform process through an open, unencumbered cadre policy.

According to director Karol Kopiela (Polar), his factory is one of the largest manufacturers of washing machines and refrigerators in Europe, and has a production apparatus which is still relatively modern. But a period of dynamic development in the late 1970's was followed by a time of basic difficulties. True, zlotys self-financing became possible, but materials and foreign-currency obstacles appear to be unsurmountable. There is not enough foreign currency to export in any great amount, and without it there are no opportunities for development. The factory has been seriously affected by stagnation, as well as by the collapse of the chemical industry and precious metals. In addition, due to the parochialism of some coproducers, Polar is being affected very adversely by shortages of certain parts, e.g., air-compressors for refrigerators and heaters for washing machines. These matters should be taken care of very rapidly and the management is depending heavily on the central government to do so.

Ryszard Kostecki, workers' council chairman, was more specific: "In 1986 we produced 518,000 refrigerators and 277,000 washers. Last year the figures were 465,000 and 255,000. Refrigerator production has been dropping for 2 years, but the drop in washers began earlier. If the shortages in materials and foreign currency continue at their present level, we will be short approximately 50,000 washers to fulfill the plan. The shortages also have another effect, namely, the wage fund is growing faster than production, and labor productivity is growing more slowly than the average wage. People cannot be expected to pay for the many interruptions and standstills in work, for which they are not to blame. Wages are below the national average, and a tragic situation is at hand, which the central authorities undoubtedly have heard about. It can be said that even with the shortages of materials, we could produce 20 percent more washers and refrigerators if it were not for the paralyzing economic system, headed by the ridiculous mechanism of foreign-currency financing. Because of this, cooperation with management is not ideal, but there is no sense in making things worse. We, as a self-management, want to fulfill only the role that the legislators have assigned to us."

In the opinion of Factory Committee secretary Andrzej Lyda, the intervention of the central authorities in relations between Polar and the factory in Poniatowa (compressors), and also Selma in Szczecin (heaters) is essential if "we ourselves cannot manufacture these parts." The secretary expressed himself unfavorably about cooperation with the workers' council.

According to the bank, the economic situation in Pafawag and Elwro has improved. Production of machinery and equipment has risen, although the degree of financing of stocks from prime funds continues to be low and often they are being financed out of the wrong sources. Too large a part of the profit goes for consumption, or goes to the treasury in the form of taxes on excess wages. Internal balance is also being maintained in Polar, but only as a result of price increases on products. Equipment is not being utilized, a large percentage of the profit has been absorbed by ppww ["podatek od ponadplanowego wzrostu wynagrodzen," being "the tax on above-the-plan wage increments"] and losses due to scrap are growing. Over 4 percent of the profit for distribution was used to cover warranty-repair costs.

Edward Wrobel, director of the treasury office in Wroclaw, announced that the financial condition of the member-factories at the meeting is at least better than the financial condition of the state. And much more can still be done to improve it on the production lines, in materials stocks, and in employment, especially in administration. Unsubstantiated costs and ppww can be reduced. Last year, as a result of the devaluation of the zloty in relation to other currencies alone, producers made large amounts of money without the least effort. For example, Pafawag made 66 million zlotys, Elwro 685 million, and Polar, 280 million.

These figures evoked a lively reaction in the hall, as well as protests. And how much did we lose in imports due to this, the factory representatives asked.

The statements by the economists from the Academy of Economics were icy cold. An enterprise is now reduced to the role of executor of the state budget, which, as we know, needs a great deal because it is very unbalanced. As a result, conflicts with the world of labor must occur. At the same time, stocks are growing and there are shortages of producer goods. In coproduction, everyone has become a monopolist. In Wroclaw Province, only 19 percent of the production paid for by wages reaches the market. Meanwhile, wages from industrial investment, from pre-production stocks, also go to this market, but they do not meet up with any consumer goods. This leads only to one price increase after another, and does not bring us one step closer to balance. The only solutions are an intensification of market production, rapid market investments, and reduction of all possible costs. The specialists from the Academy of Economics regarded the amounts and relationships cited by the plant directors as completely unreliable. Production increases, labor productivity, etc., calculated in zlotys, and on this basis in percentage also, do not reflect reality, even when comparable prices are used. According to Prof Bera Hans, these are increases on the order of a few percent at the most, if there are any increases at all.

Deputy Premier Zbigniew Szalajda addressed himself to many of the issues raised in the discussion, saying that almost all of the complexities, but also all of the hopes of

our industry were described. On how fast the reform processes will proceed or how successful they will be, will probably be decided by the instruments and the following relationships: productivity-wages-commodity market and services. These relationships now are not healthy, which gives rise to many social problems and dangers for reform. In a situation where 90 percent of the enterprises take advantage of prices to more than make up for the shortcomings of the domestic economy, and conduct an unconstrained wage policy, it can be said with a large degree of probability that it is here, in the large industrial plants that—for the most diverse reasons—most of the danger to reform lies.

9295

Foreign Debt, Export Relationship Explored
26000323b Warsaw RZECZPOSPOLITA in Polish
6 Apr 88 p 1

[Interview with Zygmunt Krolak, advisor to Deputy Premier Zdzislaw Sadowski and chairman of the Planning Commission, by Tomasz Bartoszewicz: "How We Look on Foreign Soil"; date and place of interview not specified]

[Text] How does Poland look in comparison with other debtor countries? After all, we are neither the only debtor country, nor even the biggest in the world. A RZECZPOSPOLITA journalist addressed these questions to Zygmunt Krolak, advisor to Deputy Premier Zdzislaw Sadowski.

[Question] Which nations are currently the biggest debtors?

[Answer] The United States has become the biggest debtor in the world. Its debt amounts to about \$400 billion. This is reflected in the fact that the United States is in fourth place in the latest classification of borrowers (behind Japan, West Germany, and Switzerland). For obvious reasons, however, the situation of the United States is not comparable to the situation of the developing debtor countries. In that group of countries, the biggest debtor is Brazil, whose foreign debt is \$117 billion. Next come Mexico (\$105.65 billion) and Argentina (\$54.5 billion). Other large debtors include South Korea, whose foreign debt is over \$40 billion, but recently it has reduced its debt, since it has a surplus of several billion in its balance of trade. Nigeria and Israel should also be mentioned. Poland, meanwhile, is at the end of the first 10 debtors or so.

[Question] The absolute value of the debt still does not say much by itself. After all, it must be related to other economic indicators.

[Answer] Obviously. It has to be related, above all, to national income per capita, human potential, and export potential.

[Question] And how do we stand in the world in that regard?

[Answer] Calculated per capita, our indebtedness is in the second group of 10 debtors. On that basis, Israel is in first place in the world. Besides, some socialist states, including Hungary in particular, but also East Germany, are ahead of us in this regard. Currently Czechoslovakia and Bulgaria are approaching the level of our per capita debt.

[Question] Perhaps it is worse in terms of the amount of exports.

[Answer] Actually, in that respect we are in third or fourth place on the list of debtors. Only the poorest countries in the world are ahead of us. It is simply that our exports are too low, which does not jibe with our human, industrial, and even raw material resources.

Our total exports to the second payments area still had not reached the level of \$7 billion in 1987, and were lower, calculated in dollars (even though the exchange rate of the dollar fell in relation to other currencies), than in 1980, when they reached the level of \$8 billion. That is where our entire problem lies, but at the same time, this is precisely where we have a chance to solve the problem.

[Question] In other words, if our per capita exports reached the level of the other socialist states, we would not have any problem with indebtedness?

[Answer] They are currently several times lower than Hungary's, 4 times lower than Czechoslovakia's, and 5 times lower than those of Bulgaria and East Germany.

Thus, if we reached Hungary's level, we would not have the slightest difficulty in servicing our debt, and it would even become necessary to attract capital, i.e., to increase the debt. After all, that is the essence of the open economy that we are aiming for.

[Question] In that case, how should one interpret the fact that the plans for the next few years provide for a very modest increase in exports to the second payments area?

[Answer] Unfortunately, you are right. It is necessary to have a definite increase in the rate of export growth. The whole philosophy of the second stage of the economic reform and the restoration of the normal functioning of our economy argue in favor of this.

This is the real key to actuating the reform mechanisms, achieving economic equilibrium, reducing inflation, and, in the final stage, bringing about normal debt servicing.

[Question] How much would exports to the second payments area have to amount to, in order for us to service our debt normally?

[Answer] Realistically, the rate of export growth should increase at least 20 percent. Only such a rate would permit achieving the characteristics of normality in debt servicing by the mid-1990's.

[Question] Is achieving such a rate realistic however?

[Answer] Possessing such an economic potential, we ought to be able to achieve it. We have to realize, however, that in spite of the gradual improvement in economic development indicators, we are still achieving a lower economic growth rate than the other socialist states.

Furthermore, in my opinion, the most dangerous phenomenon in our economy is the aging of machinery. Our machinery is among the oldest in Europe. We are in only 28th place on the world list of importers of machines and equipment.

[Question] That is a result of the shortage of foreign exchange for imports.

[Answer] We know, however, that it is not possible to increase exports of raw materials and fuel. In the first place, there is no sense in further investment in mining development, since the capital repayment cycle in those sectors lasts several decades. In the second place, this would perpetuate an unfavorable structure of exports, and be subject to the caprices of the market. In the third place, meanwhile, it would also make the country's ecological situation, which is already bad, even worse.

[Question] What conclusion do you draw from this?

[Answer] It is necessary to invest in the modernization of the existing manufacturing industry, and in the development of services and agricultural processing. The quickest results can be achieved there. In those sectors we have untapped human potential, frequently free production capacity, and potential markets in the East and in the West.

[Question] In that case, where should we start?

[Answer] It is necessary to concentrate all the resources available in order to achieve initially at least a double-digit rate of export growth.

[Question] Where can those resources be obtained, however?

[Answer] It will be necessary to continue to slow the rate of debt servicing, in agreement with the creditors, obviously. Essentially, after all, this means that we will be better able to secure funds for the creditors in the future. In practice, this would amount to extending the credits while ensuring normal profits, i.e., interest.

Furthermore, increasing the rate of export growth would be a practical confirmation of the government's intentions and the directions of the changes in our economy.

[Question] Thank you for the interview.

9909

NBP Establishes Various Credit Conditions
26000336a Warsaw TRYBUNA LUDU in Polish
1-4 Apr 88 p 8

[Text] Credit is not a donation; the interest rate must more or less compensate for the rate of inflation. Thus, the generally higher than until now interest amount that will have to be paid for the drawn credit.

Together with the new interest rate on personal savings deposits (so that it will be profitable to invest money in banks), the president of NBP [Polish National Bank] in implementing the guidelines of the Sejm resolution with regard to the issue of the principles of the monetary-credit policy also defined the conditions for granting credit to state enterprises, cooperatives, non-socialized firms and the public.

What can an individual count on? On cash credit in the amount of 200,000 zloty to be repaid within 3 years at an annual interest rate of 30 percent. It is also possible to apply for noncash credit at the bank (let us remember that during the current year the network of these institutions is supposed to expand significantly: self-sufficient commercial banks will be created that will be geared toward, among other things, cooperation with enterprises) at an annual interest rate of 28 percent for the purchase of goods from the so-called luxury group. However, the credit amount cannot exceed the sum of six monthly wage earnings of the person applying for credit.

Construction credit is much less expensive. A "loan" is granted for 40 years, the interest rate is highly preferential (1 percent annually) for tenant cooperative building construction and only slightly higher for private ownership construction (3 percent). Home improvement credit may be obtained with installment payments spread out over a period of 20 years.

Credit for young married couples remains at an unchanged level of 200,000 zloty. Numerous restrictions continue to be in force with regard to who may be eligible for this credit (e.g., the age of one of the spouses cannot be more than 35 and the couple must own their own apartment which for all practical purposes excludes those who rent). Credit for young married couples [MM] also applies to a list of goods (established by the Ministry of Commerce) for which the obtained loan may be used. Price increases on these articles mean that for all intents and purposes, MM credit has significantly lost its purchasing power.

In granting any and all credit, the bank is obligated to take into consideration the financial situation of the future borrower. The total sum of credit granted cannot exceed the amount established for all banks for the current year.

9853/08309

Ministries on Foreign Currency Transfers, for Enterprise Cooperation, Currency Auctions
26000334a Warsaw ZYCIE WARSZAWY in Polish
5 Apr 88 p 4

[Text] On the first of this month (April), Janusz Kaczurba, deputy minister of economic cooperation with foreign countries, related several pieces of new information to journalists.

The Ministry of Economic Cooperation With Foreign Countries together with the Ministry of Finance have taken a joint stand on the issue of numerous doubts concerning the transfer of foreign currency between enterprises. It has been found that the transfer of foreign exchange occurs on the basis of the Council of Ministers resolution of December 1986 regarding the principles of creating and using foreign exchange allowances from free foreign exchange exports. The transfer to coproduction partners of a part of foreign exchange should serve its rational use and the improvement of cooperatives ties. The Council of Ministers resolution allows the transaction of various agreements, e.g., aimed at importing crudely processed products with the purpose of refining them.

Both ministries stress that the flow of foreign exchange constitutes an essential condition for enterprise cooperation. In reality, many of them take advantage of the resulting powers. The rules of the Council of Ministers resolution dictate clearly that the transfer of foreign exchange should take place on the basis of an agreement relating to the production of final products. However, there is no legal justification for demanding the return of hard currency input or that a part of the repayment be made in foreign currency as an absolute condition for supplies or the rendering of services. Placing such conditions on institutions of: the health service, education, domestic trade, communal economy, and the housing construction industry may be regarded as a monopolistic practice.

In the adopted stand, it is emphasized that demanding hard currency input is also contrary to the rules and regulations of the law on counteracting monopolistic practices if this does not issue forth from the transacted agreement on cooperation in production. In the instance that negotiations between producers do not bring positive results, the injured party has the right to appeal to the minister of finance.

Specifically, making the transaction of an agreement contingent upon the contracting party's provision of foreign exchange for purposes not tied to the agreement is regarded as a monopolistic practice. There is no link to the substance of an agreement if foreign exchange is not required for the implementation of the agreement, if the producer's demand exceeds the actually incurred foreign exchange outlays or if the suppliers imports were financed from central funds. In the case that the contracting party refuses the delivery of a product and sells it abroad despite the buyer's offer to reimburse for the foreign exchange profits and other benefits (due to reduced tariffs), the Ministry of Economic Cooperation With Foreign Countries may refuse to grant permission for the export of such a product.

Janusz Kaczurba also informed about the introduction in the beginning of April of expedient foreign exchange auctions for the import of raw and fabricating materials from Western countries. They [auctions] represent a new form of developing the already existing hard currency auctions. The expedient auctions are one of the consequences of the gradual departure from the central distribution of foreign exchange and are to fill the "gap" which occurs here. Their task is to direct foreign exchange intended for the import of specific commodities (thus the name: expedient auctions) to enterprises that operate most efficiently.

The auctions encompass foreign exchange for the import of 21 groups of products including cotton and woolen yarn, wool, tobacco, and certain raw and chemical materials. The cost of purchases is computed into the buyer's burden of extraordinary losses. During the current year, only those enterprises will be allowed to take part in the auctions that used central importing last year. It is predicted that next year this formula will be expanded to include all interested institutions.

In passing to other matters, J. Kaczurba said that according to initial data up to 20 March, exports to the first payments area (in rubles and according to current prices) rose 17 percent in comparison with a similar period last year whereas imports from this area rose 8 percent; exports to the second payments area (in dollars) rose 30 percent whereas imports rose 27 percent.

9853/08309

Discussion on Essential Conditions for Foreign Capital Acquisition
26000376b Warsaw ZYCIE GOSPODARCZE in Polish
No 11, 13 Mar 88 p 11

[Article by "(MKK)"]

[Text] The term "foreign capital" in Poland evokes various opinions and emotions, from euphoria to aversion. The regulations now in effect give the impression that they were issued by authors who are not fully convinced of the reasonableness of attracting foreign

capital. A discussion on this subject was held on 24 February in the headquarters of the Polish Economic Society during a meeting of the Warsaw chapter's reform committee.

The discussion was enlivened by Prof Urszula Plowiec, who asked eight questions of those in attendance: Does the inflow of capital depend on amending the laws? How should these laws be improved—should there be one law or two? Why are we attracting foreign capital? Is it because it is superior to our own capital? What kind of capital are we expecting: state or private? Is the matter of the best location for foreign capital in Poland being considered or are we depending on the ingeniousness of foreign investors? Is amending the laws supposed to change the position of this capital as an enclave in the economy? Must we wait with it until the Constitution is changed to guarantee equal treatment of the three ownership sectors in Poland? And finally: Who is supposed to prepare the amendments to the law?

Those in attendance treated these questions quite freely, giving most of their attention to the purposes for striving for foreign capital and the conditions indispensable to this.

The president of INTERPOLCOM, Tadeusz Kaminski, was of the opinion that we are still not getting at the heart of the problem. First we should clearly define the purposes: Foreign capital should be attracted only to those fields which we cannot develop ourselves. These are export and high-tech, which should be embodied in the preamble to a uniform law. Whether the law should be the same for foreign-capital companies and Polonia firms is a secondary issue. Only after the purposes are defined should consideration be given to how foreign capital is attracted. We would most like to see a minimum share of this capital in enterprises, but there are fields which can be developed only in completely foreign enterprises. Let us work towards flexible solutions, therefore. An amended law must provide suitably attractive conditions over the long term, otherwise the entry of speculative capital is encouraged and this strikes at the serious entrepreneurs, who plan activities well into the future.

Other of his statements coincide with the ideas contained in the paper presented at the Economists Congress (see ZYCIE GOSPODARCZE 5/1988).

Aleksander Jung called attention to extralegal conditions. Without questioning the need for amending the laws, he said that the main impediments exist in the environment in which foreign capital operates, the high degree of discretionary powers and the bureaucratized management of enterprises, the organization of the market, etc. He underscored the need for changes, since the law itself only creates a framework for functioning, and in daily practice the executive regulations paralyze the

functioning of the firms. We would begin by asking how much we will earn, and in this context assess the investment projects. In short, let us create a substantive program.

Director Andrzej Burzynski from the Polish Chamber of Foreign Trade, who was the only one who answered Professor Slowiec's questions, also emphasized the importance of the extralegal conditions. In his opinion, the public discussion about foreign capital thus far has concentrated on only one subject—on amending the laws. The goals should not be expressed in the law, because including them in the law encourages their circumvention if they are too rigid, or restrains foreign capital. First, therefore, we must attract it, saturate the economy with it, and then begin to direct it. Maybe public capital, which does not strive for fast and large profits, would be more suitable for Polish conditions. As to the size of this capital, the optimum would be a medium amount, located in various sectors, because we do not want a small amount, and we may have considerable problems with absorbing a large amount of capital.

Jozef Klasa, secretary of Polonia Society, believes that the question about purposes is really rhetorical and they should not be expressed in the law, which is to be in effect for a long time, and the purposes will be subject to rapid changes. An example of misunderstanding is the present law on foreign-capital companies, which gives export as its goal and yet this is supposed to be production, noncommercial capital. Hence it is also wrong to put these firms under the jurisdiction of the Ministry of Foreign Economic Cooperation. They should be under the Ministry of Industry.

No socialist country has yet attained any important results from striving for foreign capital. Political uncertainty and unusual management conditions make this capital extremely cautious. In this context, Poland is also a financially unreliable country. The chances of foreign capital coming in is the function of what is happening in the country. If we do not constitutionally guarantee the equality of the private-capital sector with the other sectors, foreign capital will continue to flow in a very narrow stream. Right now the current laws scare off investment, hence the owners of foreign firms concern themselves mainly with the more pleasant consumption of surpluses.

There has been talk recently about the existence of ethnic capital. Its sizes are variously estimated, but one thing is known: this is not production capital. That is why other channels should be opened up for locating it in Poland, e.g., in bonds, stocks or real estate. Then it can be used also for production purposes and its servicing will make the picture of management a little brighter.

Prof Wieslaw Sadzikowski argued with the thesis that lack of a guarantee of equal rights for sectors scares off foreign businessmen. However, he emphasized the

extreme bureaucratism and contradictions in both the regulations as well as the behavior of officials at various levels. He proposed that a rule of elastic exchange of zlotys profits for foreign currency be adopted. It would be difficult for a purchaser of foreign-exchange raw materials and supplies to resell them to the state for foreign currency, as is now occurring, on the basis of a repurchase by the state of the equivalent of 50 percent of gross export.

Director Jan Rejent from the Ministry of Finance parried different statements that zlotys profits should be transferable into foreign currency. How can we permit this when Poland has trouble servicing the debt?

Docent Aleksander Krzyminski from the Polish Academy of Science suggested that the viewpoint of foreign partners be taken into account during the formulation of regulations if we really want to attract foreign capital. The West has developed a standard for evaluating the attractiveness of particular countries for investors. The BERI index in Geneva gives Poland a 40-point rating, i.e., it is on the borderline of the group of countries which are not deserving of capital's interest. Knowing the criteria of evaluation should make it easier to model the law so as to bring about an improvement in our country's position.

Only the advocates of attracting foreign capital took the floor. There were no expressions of a contrary opinion. Is it possible that there was no such person in the hall? He or she will probably speak out elsewhere.

9295

Income Tax Relief Measure Described

26000381c Warsaw ZYCIE GOSPODARCZE in Polish
No 15, 10 Apr 88 p 5

[Article by Wladyslaw Dolezal: "Income Tax Relief"]

[Text] DZIENNIK USTAW No 2, item 3, carries the executive order of the Council Minister dated 11 January 1988 on income tax relief.

The order sets forth the guidelines for and the scope of granting income tax relief to economic units.

For the purposes of the order, state enterprises, trading companies to which the state treasury or units of the socialized sector have contributed more than 50 percent of the initial capital, cooperatives and their associations, as well as political, social and trade union organizations enumerated in article 1 of the law dated 26 January 1982 on the taxation of the units of socialized economy (DZIENNIK USTAW, 1987, No 12, item 77), are economic units.

Among others, the order grants tax relief to:

—economic units exporting merchandise produced in their own facilities or acquired through procurement or collecting, as well as tangible and intangible services;

—economic units carrying out, over a period of no longer than 2 years, capital investment projects or modernization undertakings aimed at:

1) environmental protection and improvements in occupational safety and hygiene,

2) the implementation of scientific-technical achievements resulting from the execution of government orders involving tasks of particular significance to the development of science and technology,

3) increasing exports.

—socialized small-scale production units, units of socialized retail, and cooperatives and their associations conducting economic operations in carrying out the investment projects mentioned in the executive order.

The executive order took effect on 28 January 1988 retroactively to 1 January 1988.

9761

Large Degree of Monopolization Precludes Economic Balance

26000357 Warsaw ZYCIE PARTII in Polish No 8, 20 Apr 88, pp 9, 17

[Interview with Dr Hab Andrzej Sopocka, chairman, Council for Anti-Monopoly Practices Affairs, by Leszek Boguslawski]

[Text] What is a monopoly? In a socialist economy can we talk at all about monopolization? When does the concentration of production have the features of a monopoly? Under conditions of serious unbalance, does monopolistic activity have only negative features? What tasks in the implementation of the second stage of reform fall to the Council for Monopoly Practices Affairs in the ministry of finance? We asked the chairman of the Council, Dr Hab Andrzej Sopocka, for an interview.

[Question] What criteria define a monopoly or monopolistic practices?

[Answer] Generally throughout the world the basic criterion in defining a monopoly, or more precisely a dominating position on the market, is assumed to be the percentage of share in the sales of products in a given country. It is generally accepted that if this share exceeds one-third of sales we are dealing with monopolistic activity.

[Question] Accepting this criterion, it can be said that our economy is extremely monopolized because for over 40 years the opinion—and practice—prevailed that a concentration of production in large enterprises carries with it only advantages: It distinctly reduces costs, facilitates the application of technical progress, and improves quality. That is why we built industrial giants and were proud that this factory is the largest in Europe, and that plant is one of the largest in the world, etc.

[Answer] Unfortunately, that was the policy and the practice.

[Question] Where did this drive for largeness, concentration and centralization come from? Does it evolve from the theory of the economy of socialism?

[Answer] Actually, this has little to do with the socialist road to development. Lenin always pointed to the harmfulness of monopolies and said that they have a tendency towards stagnation. It was Stalin who was the initiator and advocate of high concentration and centralization of management. He tried to subordinate the operation of economic laws to the excessive bureaucracy, petrified system of central planning, etc.

[Question] And we, after the war, uncritically accepted this entire "achievement," concentrating authority and production in various central board, associations, large economic organizations and combines, while eliminating small-scale industry and multi-sector trade and cooperatives.

[Answer] Unfortunately, that is how it was, as a result of which our economy continues to be highly monopolized by large economic organizations. Competition has disappeared and there is no incentive to increase production or improve its quality.

[Question] How widespread is this? How many enterprises can be called monopolies?

[Answer] According to studies conducted by the Institute of Finances we now have 921 enterprises in Poland whose share of production in particular assortments exceeds 30 percent. As a rule, these are large enterprises.

[Question] Do monopolies exist only in industry?

[Answer] Of course not. The same applies to construction and to trade, where the degree of monopolization is even higher. This same phenomenon dominates in sales and supply, where monopolistic enterprises divide up most of the raw and other materials, and producer and investment products and semifinished goods.

[Question] Such a highly monopolized economy, and especially the market, prevents the maintenance of balance and makes it difficult to achieve it.

[Answer] I agree. Monopolistic enterprises are interested in production growth. They know that when there is no competition everything that they produce will be sold, either to trade or to the consumer. Why, then, spend

money, and a lot of it, to update a product when it is always in short supply anyway? Lack of competition also makes it possible to dictate the terms of receipt, the technical parameters, and the prices at which the products will be sold. Thus far, there have been no regulations which would prevent this type of harmful activity.

[Question] Until the Sejm passed the anti-monopoly law.

[Answer] Yes, until this law was passed, monopolistic enterprises could function with impunity, arbitrarily.

[Question] In view of this, why did it take over 4 years to prepare this law?

[Answer] I cannot answer that question. I know only that the task force which prepared the draft law, on which I, too, worked, presented such a draft back in mid-1983.

[Question] Therefore, we can only conjecture about who would have reason to delay the putting of this law into effect....

[Answer] —

[Question] In what practical way can we break up monopolistic structures?

[Answer] There are several ways. This can be done first by creating conditions for competition, e.g., through the import of goods which would constitute competition for our native goods. It can be done by dividing large monopolized organizations into smaller ones, into smaller enterprises. At one time we eliminated almost all of local industry. Hundreds of small enterprises were simply made part of a large one. They can now be singled out and made independent, dividing up the production which is now excessively concentrated under one roof. This can be done by creating, i.e., building, new plants, enterprises which would be competitive to the existing monopolies.

[Question] Do I understand, therefore, that we must begin by deconcentrating industry?

[Answer] No! I believe that this entire process has to be begun by breaking up the monopolies which operate in trade, because it is trade which prospers most closely to the consumer, the purchaser.

[Question] But after all, trade is now interested in selling the most expensive products, producing the highest sales and, consequently, the highest profits.

[Answer] That is how it appears, but this is an exceptional situation caused by the shortage of goods. Bearing in mind the slow growth of producer goods and the balancing of the market, for the long term trade is, or will be, interested in reducing prices, because a lower price expands demand, and a higher price limits it.

In addition, relatively the fastest way, and at the low social cost, demonopolization can be achieved by using an agency system, or creating new trade centers. Right now this pertains to small shops, but the recent law on agencies opens up great opportunities. In my opinion, nothing stands in the way of our doing the same thing with wholesale trade: In place of one central sales and supply headquarters, form a few or several regional wholesale houses which would compete with one another in supplying goods to the market. And that this can be effectively done was shown recently by the "war for eggs," which took place before the holidays when the monopolists dictated the price of eggs at 36.5 zlotys and the "retailers" sold them directly, at 24-25 zlotys.

Nowhere is it said that in the village there must be only one shop, represented only by "Peasant Self-Help," one procurement center, one warehouse with fertilizers, or other means of agricultural production. I think that the new law on agencies will make it possible to greatly accelerate the process of eliminating monopolies precisely in these fields. Let me just mention the very active, and effective, operations of new organizations of the "Igloopol," "Agricoop" or "Hortex" type, which have outdistanced other well-known commercial firms, e.g. "Delikatesy."

[Question] However, the state of the market is not due exclusively to the effects of prices, but mainly to investment activities, and here we can only expect changes through construction of diverse, competitive production enterprises.

[Answer] Over the long term, of course. Only a comprehensive restructuring of our industry, aimed at balancing and differentiating the market and greatly increasing export, will bring the anticipated results. But before this happens we can take advantage of the other possibilities that we are talking about. This should be done immediately.

[Question] In this context, what prerogatives does the anti-monopoly law give to the minister of finance, under whom the Council for Anti-Monopoly Practices Affairs now functions?

[Answer] The powers are quite broad. The law makes it possible to intervene, to impose various severe sanctions, apply for division or even liquidation of a monopolistic enterprise which operates in violation of the law.

[Question] And concretely?

[Answer] The minister may order that the monopolistic practices be discontinued, he may impose a fine on the enterprise (up to 10 percent of profits), and he may also penalize the director of the enterprise by fining him up to 3-months' salary. If, for example, such practices are repeated three times over a 3-year period, the minister may divide up the enterprise.

[Question] What actions of a monopolistic nature do we encounter most frequently?

[Answer] I would include in them coercion by organizations which dominate the market: coercing purchasers or coproducers to provide additional services, imposing conditions on them as to quality, demanding input in foreign currency, coercing them into engaging in "tie-in" transactions, coercing them into paying higher prices, etc.

[Question] Can the anti-monopoly organ forbid the use of such practices?

[Answer] Of course. That is why he was appointed.

[Question] The matters about which we are speaking are completely new. It is most important, therefore, that they be publicized to the widest extent possible, that the damage that such practices do be explained—their negative effect on the market, the need to balance it. What role could the party organizations and echelons play here, particularly those functioning in industry and trade?

[Answer] It seems to me that the party organization, which speaks in the public interest, could play a very important role. For example, informing us, i.e., the Council and the ministry of finance, about all of the various types of unpermitted practices involving compulsory foreign-currency allowances, imposition of unfavorable conditions, or arbitrary increases of coproduction or producer-goods prices.

Soon we will see to it that the list of 921 enterprises, mentioned earlier, which hold a monopoly position in the economy, is published. In this way we will subject them to broad social control, exercised precisely by the plant party organizations.

The degree of monopolization of production and the unbalancing of the economy is, unfortunately, so great, that today every large enterprise is doing what is convenient for it, and not what it should do. It chooses, from reform, only those parts and mechanisms which are convenient for it, which bring easy profits, and not those which will help to reform the entire economy and improve its efficiency.

9295

**Interest in, Difficulties of
Innovation-Application-Oriented Organizations**
26000323c Warsaw *RZECZPOSPOLITA* in Polish
5 Apr 88 pp 1, 2

[Article by Regina Dabrowska: "Time for Innovators: 301 Innovation-Application-Oriented Organizations"]

[Text] (Own information) (C). On 31 October 1987, Minister Konrad Tott, the head of the Office for Scientific-Technical Progress and Applications, signed the

first applications for the registration of innovation-application-oriented organizations. Half a year after that fact, the 9th regular meeting of the committee evaluating applications from organizations interested in innovation.

There are 256 of them already registered, and another 45 applications have been considered. There is thus great interest in the law, more than initially expected.

The law on innovation-application-oriented organizations is a precedent-setting document in our economic and bureaucratic reality. Very short—20 sections—and without documents on execution, it creates favorable conditions for the activity of those who have new ideas and want to apply innovative solutions.

In practice, however, there are still problems with reconciling the law with other regulations in effect in Poland. It is difficult to implement for those already registered the preferences listed in the law, pertaining, among other things, to supplying raw and other materials, financing necessary developmental activity, or the manner of the future settlement of accounts by treasury chambers.

The innovative nature of the law is not keeping pace with the planned changes in our economy. It is already, however, forcing a new way of thinking, while outlining only the general framework of the activity, which should contribute only one thing: concrete economic results and applications from the utilization of innovative solutions.

Other ministries, therefore, must take an interest and adopt a concrete position on this type of activity as soon as possible.

"We have accepted all of the 45 applications that came for evaluation by the committee today," stated its chairman, director Miroslaw Wieczorek. "Various sectors of economic activity were represented here, mostly from the area of chemistry, in the field of the production of preparations and components. We will also suggest to the minister heading the Office of Scientific-Technical Progress and Applications that they be included in the register of innovation-application-oriented organizations."

9909

**Comments on Change of Legal Status of State
Enterprise Into Company**
26000365b Warsaw *REFORMA GOSPODARCZA*
supplement to *RZECZPOSPOLITA* in Polish No 125
3 Mar 88 pp 1, III

[Article by Adam Parzydel, chief legislative expert at the Legal Office of the Planning Commission under the Council of Ministers: "Transforming State Enterprises Into Companies"]

[Text] As promulgated on 23 October 1987, the amendments to the Decree of 25 September 1981 on State Enterprises have, among other things, broadened the

possibilities for the formation of new economic entities, as envisaged in legal provisions, by state enterprises jointly with other organizations. The new regulations also admit the possibility of changing the legal status of a state enterprise by converting it to a company without detriment to its normal activities.

The need for such conversions is chiefly warranted by economic considerations. This means that, when a need exists for the operation of a particular enterprise, one way of assuring that operation is by converting the enterprise to a company in partnership with other entities, thus also gaining additional capital. Of course, there also exist other reasons warranting the need or admissibility of converting an enterprise to a company, e.g., organizational considerations, etc.

The possibilities for converting a state enterprise to a company are defined in Articles 29 and 30 of the Decree of 25 September 1981 on State Enterprises (standard text in DZIENNIK USTAW, Item 201, No 35, 1987).

Pursuant to these provisions, in economically justified cases, the worker council and the director of an enterprise may jointly request the parent agency to approve converting the enterprise to a company. When granting such approval, the parent agency should define the conditions for dissolving the enterprise with the object of establishing the company. The enterprise's own bodies alone have the power to initiate converting it to a company. The parent agency has merely the power to grant or withhold approval. But before doing so, the parent agency is duty bound to define the conditions for dissolving the enterprise; the law does not define them. In this connection, the scope of these conditions may vary greatly, depending, e.g., on the nature of the enterprise's activities, its financial situation, etc. When defining these conditions, the parent agency shall attempt insofar as possible to protect the public interest.

In specifying the rules for converting a state enterprise to a company, the law also spells out two additional obligations. First, the provisions of Article 29, Paragraph 3, of the Decree on State Enterprise place the parent agency under the obligation of conducting preliminary proceedings prior to granting its approval to the conversion of the enterprise to a company. Second, the provisions of Article 30 of that decree place the Council of Ministers under the obligation of specifying the procedure for dissolving the enterprise with the object of founding the company.

It is worth noting that the Council of Ministers is empowered merely to determine the procedure for dissolving the enterprise and has not been empowered to determine the conditions for that dissolution or settle other substantive issues which may arise during the conversion of the enterprise to a company.

Accordingly, the Council of Ministers issued on 8 February 1988 an ordinance revising its previous ordinance of 30 November 1981 on the implementation of the decree on state enterprises (DZIENNIK USTAW, Item 170, No 31, 1981; and Item 213, No 37, 1987) by adding a new chapter, "4a. Dissolution of the Enterprise With the Object of Establishing a Company." This way of exercising the formal-legal side of the powers of the Council of Ministers was recommended by a majority of the organizations consulted on this matter.

In drafting the provisions of this "procedural" ordinance it was found necessary to resolve a highly important issue that arose while analyzing the text of Articles 29 and 39 of the decree on state enterprises. The provisions of these articles pertain to, on the one hand, converting an enterprise to a company and, on the other, dissolving the enterprise with the object of establishing the company. To properly "locate" the new norms, their situation vis a vis the concepts "dissolution" and "conversion" will have to be defined.

The dissolution of a state enterprise, as construed by the provisions in force, may occur in a situation in which the social demand for the enterprise's operation ceases or markedly decreases, or when the enterprise finds itself in an unfavorable economic situation (operates at a loss) and there is no possibility of remedying it. Hence, dissolution means action to terminate the existence of an enterprise as a legal entity and liquefy its entire assets.

As for conversion, this means, generally speaking, altering the legal status of a given legal entity without any change in its external relations. The provisions governing conversion are specified in the Commercial Law Code of 1934.

Bearing in mind the economic and organizational effects which the dissolution of an enterprise with the object of founding a company is to promote, it is to be assumed that neither the abovementioned dissolution nor conversion in their pure form are directly applicable to defining the norms of the "proposed" ordinance. Hence also it was assumed that the dissolution of an enterprise with the object of founding a company represents an autonomous procedure which cannot be linked to previous norms despite the convergence of names.

Another assumption adopted when drafting the ordinance of 8 February 1988 was that the dissolution (conversion) of an enterprise with the object of founding a company can in no case result in depriving the creditors of the quondam enterprise of the possibility of having their claims satisfied.

It was also acknowledged that the procedure for dissolving a state enterprise with the object of founding a

company is to be amenable to at least three different organizational solutions, i. e.:—supplanting of the state enterprise with a one-person company of the State Treasury (in the light of the regulations in force, such a company can have only the form of a joint-stock company);

—allowing members of the workforce to share in the assets of the enterprise (establishing a joint-stock company owned jointly by the State Treasury and particular individuals);

—attracting new capital to the quondam state enterprise by forming a multiple-partnership company owned jointly by the State Treasury and the persons providing such capital (here the forms of either a joint-stock company or a corporation with limited responsibility can be employed).

The above premises and assumptions and the scope of powers specified in Article 30 of the decree on state enterprises result in that the provisions of the ordinance are of a general nature and merely point to the indispensable directions of procedural rules.

The first norm of this ordinance is the appellative norm, which provides that the dissolution of an enterprise with the object of founding a company consists merely in altering its organizational-legal status without terminating its normal operations. This norm is an attempt to stress that the conversion should be carried out without discontinuing the activities of the enterprise and should concern only the enterprise's organizational-legal status whose conversion in itself has no effect on its normal operations.

Another provision of the ordinance defines the text of the joint recommendation of the worker council and the enterprise director to the parent agency, requesting approval of the proposed conversion to company status. The principal element of that recommendation will be, of a certainty, naming the organization to which the assets and liabilities of the enterprise are to be transferred. The purpose of this provision is chiefly to elucidate the question of the responsibility of the converted enterprise for its liabilities. It was thought that, already in the initial stage of the proceedings to convert the enterprise to a company, the ways of satisfying the claims of the enterprise's creditors should be considered (signalized). In view of the importance of this problem and to protect the interests of creditors, this question is also settled in Paragraph 51d of the Ordinance of 8 February 1988, which specifies that the parent agency should, when defining the conditions for the dissolution of an enterprise with the object of founding a company, define the procedure for satisfying the claims of creditors and the personnel obligations of the converted enterprise. The need to introduce in Paragraphs 51b and 51d safeguards for the creditors of the enterprise being converted is due to the absence of any explicit legal provi-

sions making the formation of a company from the assets of the converted enterprise contingent on the assumption by that company of the obligations of the enterprise.

Bearing in mind the provisions of the decree on state enterprises, which specify that the State Treasury assumes no responsibility for the obligations of enterprises, it is to be assumed that, given the current legal status, meeting the claims of the creditors of the converted enterprise can, in principle, be accomplished in two ways: primarily from the assets of the converted enterprise even before its conversion is finalized, and through the assumption of the obligations of the converted enterprise by the new company. In connection with the latter, it will be necessary to incorporate in the founding agreement or statute of the company a provision stating that the company is the legal successor of the converted enterprise.

Both possibilities can be utilized simultaneously. However, only practice will show how effectively they can be utilized, and perhaps it may provide arguments for a legislative settlement of the issue of the succession after the converted enterprise.

The obligations of the converted enterprise also include its personnel obligations. It appears, however, that creating the pertinent safeguards will be quite precisely specified in the recommendation addressed by the bodies of the enterprise to the parent agency. That recommendation is to be accepted by the worker council as the representative of the enterprise's workforce.

The adopted ordinance also affirms the obligation of the parent agency to institute preliminary proceedings before approving the conversion of the enterprise to company status. These proceedings will be instituted upon properly applying the provisions of Article 13 of the decree on state enterprises. Above all, their purpose is to determine the merit of said recommendation. This should be done by a taskforce to be appointed by the parent agency and include representatives of the entities specified in Paragraphs 3 and 4, Article 13, of the decree on state enterprises.

Acting on the premise that the dissolution of an enterprise with the object of establishing a company is a dissolution initiated by the bodies [worker council and director] of the enterprise and that it will be carried out without interfering with the normal operations of the enterprise, it was decided that the dissolution proceedings should be handled by the enterprise director without having to appoint a receiver. This solution is favored by the differences in the texts of Articles 25 and 29 of the decree on state enterprise: Article 25 specifies that, while the parent agency does order the dissolution of an enterprise, the dissolution can also be initiated by the enterprise itself, while Article 29 specifies that the initiative for dissolving an enterprise with the object of founding a company can proceed only from the enterprise itself, and the parent agency may only approve such initiative and at the same time define the conditions of

the dissolution. In this connection, it is justifiable that the dissolution itself be handled by the parent agency administering the current activities of the enterprise or by the director.

The adopted rule also implies that the first person to direct the operations of the company once it is formed will probably be the director of the quondam enterprise. But of course that is only an implication ensuing from an analysis of the relationship existing between the activities required to dissolve the enterprise with the object of founding a company and the person implementing these activities.

The provisions of the ordinance also place the director handling the dissolution proceedings under the obligation of taking various necessary steps involved. Above all, he must notify the appropriate Treasury office and the bank financing the enterprise's activities that the dissolution proceedings are initiated.

Next, a balance sheet and an itemized list of the property of the converted enterprise, required to determine its assets and liabilities, should be prepared. In addition to having to make a meticulous determination of the enterprise's liabilities, the director is also obligated to publish in the press a notice on the initiation of the dissolution proceedings and to notify the enterprise's creditors accordingly so that they can put forward their claims.

The next step required by the ordinance for a proper conduct of the dissolution proceedings is to prepare a list of claims of the creditors of the converted enterprise and outline ways of meeting these claims. This step is yet another safeguard for satisfying the claims of creditors.

The ordinance in question includes a general rule for identifying the persons authorized (on behalf of the State Treasury as well) to conclude an agreement for forming a company or to sign the company's statute. This provision merely specifies that regulations governing representativeness apply to the conclusion of the agreement to form a company, etc., making it possible to consider the director of the converted enterprise as also a representative of the State Treasury. The powers of representation are granted to the director by the parent agency of the converted enterprise, which represents the property of the State Treasury vis a vis the property of the converted enterprise.

The proposal to delete an enterprise from the registry of enterprises should be submitted to a court on the day of registration of the new company. Here it should be explained that, once the enterprise is deleted from the registry of state enterprises, the company established on the basis of the dissolved enterprise is not subject to the provisions of the Decree of 25 September 1981 on State Enterprises, the Decree of 25 September 1981 on Workforce Self-Government at Enterprises, and other regulations defining the operating principles of state enterprises. The new company will instead be subject in its

operations to the provisions of the 1934 Commercial Law Code and to other legal acts defining the operating principles of companies under commercial law.

To sum up these quite general and rather interpretive comments on the Ordinance of 8 February of the Council of Ministers, it should be stated that the functioning of the procedural provisions contained therein will be very soon subjected to the demanding criterion of practice.

The experience to be provided by the practical application of the provisions of this ordinance may provide arguments in favor of a legislated settlement of certain of the problems that are going to arise in the course of the conversion of state enterprises to company status.

1386

Middleman Trade Costs Avoided, Higher Prices Abroad Realized

26000336d Warsaw RZECZPOSPOLITA in Polish
6 Apr 88 p 2

[Text] (Own source) One of our largest exporters to the second payments area, the Foreign Trade Enterprise "Animex," a limited liability company, is implementing most of its sales in the free foreign exchange zone through a network of its own companies.

This enables the considerable reduction of trade costs (middlemen are avoided) and, therefore, the obtainment of higher prices for Polish products.

"Animex's" largest market is traditionally the United States where for years the "Polfoods" joint venture has been in operation with its headquarters in New York. The FRG market is serviced by the Munich-based "Yano" company; the French market by the Paris-based "Assipag"; and the British market by the London-based "Ridpath PEK" joint venture.

The youngest foreign company of "Animex" (in operation since the beginning of this year) is the Polish-Italian "Anital" with its headquarters in Padua.

"Animex's" foreign joint ventures also participate actively in the development of the export potential within the country. Last year, they were instrumental in obtaining, among other things, credit in the amount of \$10 million for the construction of a cold storage plant in Tarnowskie Gory for the Regional Enterprise of the Meat Industry.

9853/08309

Radio, TV User Fees Increased

26000376a Warsaw ZYCIE GOSPODARCZE in Polish
No 20, 15 May 88 p 7

[Text] MONITOR POLSKI No 4, item 41, cites the order of the chairman of the Committee for Radio and TV Affairs, dated 1 February 1988, changing the order on fees for use of radio and television receivers.

In accordance with the order, fees for use of radio and television receivers are as follows:

—1,050 zlotys quarterly for use of a television or television-radio receiver,

—150 zlotys quarterly for use of a radio receiver,

—a one-time 30-zlotys registration fee in the case of a television or television-radio receiver,

—a one-time 10-zlotys registration fee in the case of a radio receiver.

Fees for use of radio and television receivers must be paid quarterly by the 15th day of the third month of the quarter.

The order goes into effect on the date of publication and applies to fees paid for the period beginning 1 February 1988.

9295

New Housing Construction Company Emphasizes Materials Acquisition

26000323a Warsaw RZECZPOSPOLITA in Polish
5 Apr 88 p 3

[Article by (z): "Centrobud: Housing Construction Company"]

[Text] A new company associated with housing construction has been formed. The Centrobud Enterprise for Completing Deliveries and Services, a limited liability company, has been active since January 1988.

Its activity consists of the comprehensive acquisition of materials associated with construction, mainly housing construction, and the coordination and supplying of all forms of construction. The company intends to handle the management of stocks of materials in short supply at its customers, and to initiate the local production of construction materials. It will sell those materials both to domestic customers and foreign ones, and complete deliveries of construction materials for the needs of construction sites both in Poland and abroad.

The formation of the Centrobud company was due to the system for supplying materials for construction, which was modified beginning this year. In its basic assumptions, this consists of reducing the extent of the mediation required in trading in materials, and reducing limitations on the coordination of this supply process that was formerly conducted by the construction ministry and the construction departments of the voivodship offices.

This will cause a gradual "loss" of the special characteristics of supplying housing construction. Housing construction, in the stages of both planning and carrying out deliveries, will be treated on the basis of general principles, in the same way as all consignees. The gravity of the housing problem and the need to guarantee essential deliveries were the main factors behind the initiative to create the company.

9909

Sheep Farming, Mutton Exports Expected To Grow

26000336b Warsaw ZYCIE WARSZAWY in Polish
6 Apr 88 pp 1, 2

[Text] (Own source). "He who has sheep, has whatever he wants"—so goes the popular folk saying. As a matter of fact there is a lot of truth in it although the benefits of sheep raising are not all that fantastic. Sheep farming has been growing rapidly in recent years. Currently, there are approximately 5 million sheep in the country's sheepfold. This herd is significantly larger than that of several years ago. Exports decide to a considerable extent about the growth of sheep farming. Our country's appetite for mutton is quite small whereas the export possibilities are great and the benefits arising from this no smaller.

It is enough to say that importers are paying considerably more for live lambs sold on Western European markets than for canned ham requiring heavy expenditure of work. No wonder that "Animex," the chief exporter of mutton, is developing this area of sales.

In 1980, we sold 280,000 sheep whereas last year deliveries surpassed 750,000 valued at \$30 million. Last year, approximately \$3,200 was obtained per ton of meat and approximately \$4,000 on the Italian market.

The Italian market is the most important one in this sector. In order to acquire a place on it, the Polish exporter had to bring about many changes in sheep farming so as to deliver lightweight animals during appropriate times of the year when prices are as much as 40 percent higher than during less attractive months. Only in this way while at the same time selling a commodity of the highest quality is it possible to make a profit on these markets. Free market restrictions determine the amount of meat that may reach the Common

Market. Sheep are also sold outside of Western European countries. During the past year the following were among the significant consumers: Lebanon, Turkey, and Arabic countries.

We have 5 million sheep in the country. However, we are selling less than it would seem to follow from the herd size. Hungary, for example, which has a 50 percent smaller sheep herd, is selling twice as many. We have quite a lot of sheep but their quality is poor. Too many of the animals delivered for purchase do not meet classification requirements. Sheep farmers and exporters are undertaking measures to change this state of affairs. Important suppliers, i.e., most often socialized sheep farms are engaging in cooperation with private sheep farms. The "Animex" joint venture also supplies the sheep farmers with sheep imported from abroad for the purpose of crossbreeding.

A serious impediment to exports is transport. The majority of animals to Western European markets are transported by motorcars. A specialistic domestic transport system does not exist and the cost of transportation is very high. Recently, a Polish-West German transport joint venture "Translam" was created which in the future intends to serve exports to the FRG. In order to reach more remote markets, it is necessary to make use of ships or planes. For the time being, the exporters allegedly do not have these and this limits trade expansion. Despite problems sheep farming as well as foreign sheep trade are growing and are becoming "Animex's" new specialty.

9853/08309

State Farms Report Poor Mechanization, Increased Costs

26000334c Warsaw RZECZPOSPOLITA in Polish
5 Apr 88 p 3

[Article by Edmund Szot: "On an Inclined Plane"]

[Text] The size of agricultural production on state farms depends to a greater extent than in other sectors on the degree of technological mechanization. Last year, the PGR [state farms] spend 23 billion zloty for the purchase of machinery. They would continue spending even more if there were more such equipment on the market and if it would correspond to the needs of large area farms.

Unfortunately, this is not the case. As a result, the PGR are using machinery that to a significant degree has been greatly worn out and is unproductive. Maintaining this equipment in running condition costs over 60 billion zloty annually. This means that for every 1,000 zloty of commodity production value nearly one-fourth (226 zloty) must be spent by the PGR for the operation of tractors and machinery.

between 1986 and 1987, the tractive power resources of the PGR rose from 25 to 26.2 traction units per 100 hectares of useable farmland. However, to a lesser degree this was the result of the increased delivery of tractors and self-propelled machinery and to a greater degree, the consequence of reducing the extent to which equipment is withdrawn from use. As a result of this, the degree to which the equipment wore out increased during this period: in the group of transport means, it went up from 49.2 percent to 60 percent; in the group of agricultural machinery and equipment—from 35.2 percent to 50 percent.

The supply of tractors to the PGR not only does not cover the needs arising from the so-called rotation resulting from the wearing out of machinery and equipment but it [supply] also is not adapted in terms of assortment to the needs of large area farms. As much as 64.2 percent of the total number of tractors in the PGR are light and medium-weight tractors. Altogether, the PGR have 88,700 tractors (1 per 36 hectares of arable farmland) and according to studies of the Academy of Social Science and the Institute of Agricultural Construction, Mechanization, and Electrification, they could do with 25,000 less of them. Of course, on condition that these tractors would have significantly greater power. In such a case, for each of them there would be 50 hectares of arable farmland in the PGR, i.e., more or less as much as in Czechoslovakia where there is 1 tractor per 54 hectares. Unfortunately, the flow of supplies of heavy tractors are three times lower than the need.

The PGR are also very poorly equipped with highly productive auxiliary equipment: tilling-sowing assemblies, grain seeders, manure spreaders, pneumatic fertilizer scatterers, plows, tools for land drainage procedures, and tools for row crop cultivation.

A change in the structure of the machinery park constitutes not only a chance for a quicker and prompt performance of work but also the possibility of reducing employment and, therefore, lowering outlays for housing construction.

Work productivity per employee of the PGR is increasing much too slowly (the level of employment has been nearly constant for years and comes to 14 persons per 100 hectares) and is more or less proportional to changes in outfitting with technological equipment.

The equipment that the PGR can buy is not only poor in performance but also outdated technologically. Its durability is low, unreliability high; it is seldom equipped with devices for regulating the amount of dispersed fertilizer, seed or plant pesticides; and in general, it does not offer the possibility of controlling losses occurring during harvesting (during operation of the machine). The equipment assembly level is low requiring frequent trips across fields, thus, higher fuel use not to mention

the negative effect on the soil structure. Without modern agricultural machinery, only partial effects may be obtained through the application of so-called complex technologies.

Theoretically, the particular types of agricultural production are nearly 100 percent mechanized in the PGR. In practice, however, there are frequent gaps in the technological chains into which man must go in with his muscle strength, fork and shovel.

Due to inadequate equipment for crop cultivation and harvesting, state farms have been limiting potato and sugar beet growing. The gathering of straw by combine harvesters is greatly delayed and in addition is highly energy-intensive and expensive.

However, the most difficult situation is with transport. As a result of the systematic rise in production, the quantity of loads in the PGR requiring to be hauled within the farm limits or transported outside is increasing from year to year. Approximately 40 percent of PGR trucks are more than 10 years old. For several years now, farm enterprises have not been receiving specialized transport conveyances, such as autocisterns for transporting pure alcohol and fuel, feed and fodder conveyances, cement haulers, etc. Delivery vehicles have become worn out to nearly the same extent as trucks. When there are not enough transport vehicles, slow tractors are used. This is an uneconomical solution and one that increases the risk of collision on public roads.

Reloading work is less mechanized than it should be. The more efficient loaders find their way to, above all, construction and drainage enterprises. The plants and overhaul-construction brigades of the PGR that implement investments annually valued at 80 billion zloty have nowhere to purchase heavy construction equipment. That which they do have is 60 percent depreciated.

Let us add to this list of shortages, the chronically poor supply of replacement parts and we shall obtain the picture of the state of work mechanization on state farms. It is roughly estimated that as a result of the here presented sad state of technical equipment, its poor quality and lack of replacement parts, on an average every fifth tractor and every fifth machine cannot be used in agrotechnical work. This is equal to 2 years of supply deliveries.

9853/08309

**State Farms Reorganization Deemed Successful,
Wages Drop Nonetheless**

26000379 Warsaw ZYCIE GOSPODARCZE in Polish
No 19, 8 May 88 p 4

[Article by Marcin Makowiecki: "State Farms in Search of Money"]

[Text] The history of state farms, which have not been spared the brunt of numerous changes, proves that their interests are better served by a stable environment for

operations rather than multiple, repeated reorganizations. Only very few enterprises, most often those recognized for particularly good performance, have managed in recent years to defend themselves successfully from the generally costly concepts thought up by bureaucrats. The regular state farms, forced into the organizational forms restricting their independence, with plans imposed on them from on high, had to obey the orders and were almost never able to make decisions freely on the issues most important to them.

A study of the situation in agriculture in the 1970s published by the IERiGZ [Institute of Agricultural Economy and the Food Industries] states that command planning rendered the use of the production potential of state farms impossible and did not motivate the farms to be efficient. The system in effect at the time did not provide for the use of economic instruments to eliminate inefficient production techniques and unprofitable producers. The enterprises evaluated by quantitative indicators of production growth did not have to take into account the expenditures incurred.

A majority of state farms were unable to finance, from their own funds, not only the capital projects, but also the current production expenses. The system of subsidies, expanded in these years further than ever, had two functions, as stated by the IERiGZ: it ensured the abundance of funds for investment and financing of production and complemented the poor performance of economic incentives. Under such conditions, neither organization nor planning and management served to improve the efficiency of operations.

Seven Years of the Reform

In 1981, when the state farms became the first sector in our economy to manage according to the principles of the reform, as many as 70 percent of enterprises were operating in the red, despite using liberally the subsidies due them. The changes introduced were supposed not only to increase production, but also to improve efficiency and management on the state farms and create stable economic and organizational conditions. Now, almost 7 years later, it is obvious that the new economic and financial system did not fall short of expectations. This is also confirmed by the IERiGZ studies carried out since the beginning of this period.

The enterprises changed and adjusted their organizational structure to the local conditions in line with the economic criteria. More autonomous units have been formed over this period of time. Some of the farms have been able to get rid of certain tracts of land which were difficult to farm. Decisions on selecting production specialties have been made independently by enterprise management. Unprofitable, exceedingly costly production not adjusted to local conditions has been abandoned. The efficiency of using the main factors of production, including mainly the land and labor, has increased.

The leadership of the State Farm Association, which was formed in 1986, states that enterprises have already put behind them the time of greatest organizational change. The number of enterprises, 1,047 in 1981, grew to 1,271 in 1986. After subsequent changes (the formation of industrial and agricultural combines), 1,240 remain. The state farms manage the area of 3.34 million hectares, 142,000 hectares less than in 1981. The unnecessary land was disposed of in the early 1980s; at present, the changes are small. In 1987, 8,000 hectares were disposed of, which is considered to be natural and a result of setting land management in order.

The average area of an enterprise comes almost to 3,000 hectares. In the center of the country, the state farms are usually small, with several hundred hectares, whereas in the west and north most enterprises have 5,000 to 6,000 hectares. As a rule, these are multi-division enterprises, which have well-established auxiliary divisions involved in construction, machinery repairs, application of chemicals, transportation, supply and social welfare. Many enterprises have concentrated fodder plants and distilleries, and some have other food-processing facilities as well.

There Are Profits

In 1987, the period covered by the balance sheet of performance by state farms was changed from the agricultural year to the calendar year. Beginning with the second year after the introduction of the reform, the state farms have been operating in the black. In the 1985/86 agricultural year, the profit amounted to 57 billion zlotys. Last year, the profits grew to almost 86 billion zlotys, despite the increasing costs of production.

In the commentaries on the studies of state farms' economic performance compiled by the GUS [Main Statistical Administration] published in, among other places, *ZYCIE GOSPODARCZE*, we have noted that profit cannot be the only criterion for evaluating the economic efficiency of enterprises. We will see a different picture of it if we calculate out the level of accumulation attained by the enterprises, exclusive of the systemic subsidies granted to them. After all, subsidies still have a great influence on the performance of state farms. To be sure, direct subsidization of agricultural production was discontinued in 1981, but various compensatory subsidies, as well as those for biological progress and social welfare purposes remain. The IERiGZ established that the contribution of subsidies to the proceeds from production in the state farms grew from 9.8 percent in the year 1981/82 to 12.8 percent in 1985/86.

However, changes which occurred last year are likely to improve these proportions. This will be facilitated by, among other things, the introduction of contract prices instead of regulated prices for some of the means of production produced by the state farms, e.g. seedlings and cattle for finishing. These prices have increased, but they do reflect the genuine value of these products.

Even if we take the above reservations into account, there is no doubt that the state farms have markedly improved their efficiency and management in recent years. The number of enterprises operating in the red fell from 81 in the 1985/86 economic year to 71 in 1987. The amount of loss they have turned has remained unchanged, at 2.7 billion zlotys.

The lack of a stable management and workforce and unfavorable economic and natural conditions are the most frequent causes of unprofitable operations. Within the State Farm Association, cases of successfully overcoming these difficulties may be found. For example, the State Farm Combine at Widuchowa, Szczecin province, turned a profit after 1.5 years of operations in receivership, despite starting out in 1982/83 in an unfavorable situation, the total loss being 171 million zlotys and the debt—320 million.

Many enterprises work poor soils under difficult natural conditions. Their economic base being shaky, they worry about both the current performance and the future. Individual farmers operating under similar conditions also experience such problems. In order to aid such enterprises, of which there were 101 in 1985/86, the institution of the compensatory account was developed and introduced. The account accumulates contributions by state farms in the amount of 55 percent of the agricultural tax. In the opinion of the State Farm Association, the compensatory account, in existence for 5 years (previously in a different format), plays a very useful role. It has helped many enterprises to supplement their own turnover funds, repay investment credit and cover losses in previous years.

As the management of the State Farm Association maintains, the Krynki enterprise, Bialystok province, is the best example of using this aid. The enterprise, situated on very poor soils and until recently operating at a loss, turned a profit of 171 million zlotys in 1987 (of which the aid from the compensatory account amounted to 58 million zlotys). The yield of grains here increased to 32 quintals per hectare; non-agricultural production has been developed (mutton processing, sheepskin and woolen yarn plants, setting up its own shop and a restaurant), which brings in one-third of the proceeds.

The compensatory account is to operate until 1990, and until that time the economically weak enterprises should take advantage of it to develop the processing of agricultural products, as the State Farm Association plans. In this manner, they can improve their economic standing and generate funds for future development. Regardless of this, the state farms, the same as all of agriculture, see fit to use special means enabling them to solve the problem of farms operating on poor soils and under unfavorable conditions. They should bring about stabilizing production and prevent the depopulation of these areas.

More Grains and Milk

Beginning in 1981, the structure of production on state farms has changed a lot. More commercial crops are sown, especially grains, and there are fewer fodder crops sown. Grain harvests increased from 2,908,000 tons in 1981 to about 4.6 million tons last year, as did the yields. Rapeseed crop grew from 360,000 to 680,000 tons. Including seeds and brewery barley, the state farms sell about 1.7 million tons of grains, i.e. 37 percent of their output. Last year, the yield of grains was at 37.1 quintals per hectare, despite the adverse conditions for harvesting. A reduction in the share of sugar beets and potatoes in the acreage sown was also registered. This, however, is considered to be an unfavorable development. Changes in crop production are generally due to economic considerations. The enterprises opt for specializing in production most profitable under their conditions.

The changes were the greatest in animal husbandry. Released from the duty of increasing the herd, often times beyond their own fodder supply, the state farms have streamlined their animal husbandry primarily by applying the economic criteria. Considerable reductions in the herd of fattening cattle were the most characteristic aspect of this. The enterprises have adjusted its size to the fodder supply, based largely on grasslands. The cow herd has been thinned out, and the cows with low yields or those kept in inadequate hygienic conditions have been disposed of. As a result, the cattle herd declined by almost 30 percent compared to 1981, and that of cows—by 18.6 percent. Despite this, the deliveries of milk have not dropped, but rather have increased (by 16 percent compared to 1981), due to a 1,000 liter increment in the milk yield per cow (to 3,700 liters).

The herd of hogs and sheep has increased by 20 and 28 percent, respectively. Due to this, the deliveries of hogs for slaughter have increased by 22 percent compared to 1981; total slaughter cattle deliveries (excluding cattle purchased from other sectors for finishing) remained at the previous level. Last year, they grew by 5.3 percent. In feeding the cattle, the state farms are using less fodder from the state reserves than before and restrict themselves only to purchasing concentrated fodder and protein ingredients, in keeping with the generally applicable norms.

A favorable assessment of the trend in animal husbandry by the State Farm Association is contradicted by different views expressed in economic studies, including those by the IERIGZ. They emphasize the excessively fast, and, in the early 1980s, even precipitous, decline in the herd; a decrease in the number of cows, though compensated for by the milk yields, is still particularly troubling. As a result, a decline has been registered in the share of animal husbandry in gross, final and commodity production. In some cases, this may bring about a distortion of correct proportions between production branches on farms. Incomplete utilization of available buildings for

livestock is yet another unfavorable side effect of reducing the cattle herd. The IERIGZ found such cases in one-half of the state farms surveyed; in 37 percent of the cases, these were shelters for cattle.

The State Farm Association is aware of these problems. The association also takes care of contacts with foreign companies, especially the ones producing modern chemicals. In addition, the expansion of dryers and grain elevators has influenced the quality of the crop significantly.

Improved performance in production is an unquestionable fact. Yet, last year was not a success on state farms, nor in agriculture as a whole. First of all, the costs of production went up. Much more had to be spent to bring in the very difficult harvest, to dry the grain and to carry out cultivation work under worse conditions. This could not but affect the bottom line, all the more so because capital-intensiveness well above that of individual farms is characteristic of the socialized agriculture. Many enterprises, especially in the areas where the weather was the least favorable, are now experiencing financial difficulties. This is the case especially in the north. For many state farms, securing additional loans was the only way out of a difficult situation. Clearly, this will entail further financial burden.

The state farms, along with the entire agricultural sector, have to sell a majority of agricultural products at official prices. On the other hand, they purchase a majority of the means of production at contract prices, which trend up consistently. Last year, the difficult conditions caused a greater drawdown on the assets and considerable growth of the cost of production. To be sure, commercial production increased, but efficiency and the indicator of final product deteriorated. Given the current guidelines for taxing the increment of wages, the ratio between the average wages of state farm employees and those in other economic sectors also deteriorated in this situation. At the latest meeting of the Council of the State Farm Association, they talked bluntly about the deteriorating financial situation of state farm workforces.

Many of the state farms, especially the less endowed ones and those operating under more difficult conditions, are facing significant economic difficulties. It is highly unlikely that they will get subsidies or relief of the tax levies in effect. They must look to streamlining the economics of production and a relative cost reduction for an opportunity to improve their financial standing. To my mind, systemic conditions for an improvement are found in a gradual retreat from official prices for agricultural products, which would bring about rendering the cost accounting of production more realistic. State farm directors also stress the necessity of stable bases for the economic and financial system, especially in the matter of wages. The State Farm Association plans

to conduct an evaluation of the economic standing of enterprises in the middle of this year and to draw up recommendations on the system of wages and income in effect for them.

Process and Trade

State farms are searching for various ways of improving their economic situation. The principal task is to increase the efficiency of agricultural production. However, proceeds from such operations, even with their best efforts, are often too small in order to make the necessary investment and ensure conditions for the development of an enterprise. Therefore, the farms must expand their operations to other, profit-making activities whenever possible. There are examples of enterprises which are doing better because they process agricultural raw materials, go into various services and trade in foodstuffs.

Recently, the Council of the State Farm Association considered proposals on expanding this type of operation. Practical experience was the primary point of departure.

A good master tries to sell as many processed products as possible instead of just the raw materials. In fruit and vegetable processing, the agroindustrial combine in Niechcice, Piotrkow province is an example of such operations; it has a vegetable dryer, a winery, and also other processing—a distillery, a yeast plant, a corn soaks plant (the substance is used in producing antibiotics) and production of preparations used in lieu of milk for calves. Production lines for concentrating fruit juices and other processing facilities are being started up in the state farm combines Pyrzyce (Szczecin province) and Kozuchow (Gorzow province). The well-known gardening combine in Naramowice, in the vicinity of Poznan, not only produces fruit and vegetables, but is also involved in processing and retail trade in the outlets it owns.

As a major producer of grains, the state farms are in a position to develop their processing all the way to bakeries. The Bieganowo and Ptaszkowo combines (Poznan province), which have mills and bakeries, may represent the model to follow. The Zydowo combine and one of the "Igloopol" divisions are now using barley produced by them to brew beer. The State Farm Association is convinced that similar production can be set up elsewhere.

The foodstuffs market could absorb more processed potatoes. With this in view, the state farms could set up their own sorting and storage facilities, as well as the production of processed foods and dried potatoes. The state farms have many distilleries, but only 5 enterprises in Bieganowo and Miedzyrzecz Podlaski have considerable experience and interesting plans for developing potato processing. Others could use these models.

Examples of breaking the monopoly of the dairy industry in milk processing are few. The ones who have been successful at it deliver to local markets milk "direct from the cow" and other fresh products not affected by prolonged transportation. Among others, enterprises in Naramowice, Pepow, Lodz, Niepruszewo and Manieczki are involved in such operations. Two hundred and fifty state farms have slaughterhouses and meatpacking plants which process about 20,000 tons of slaughter cattle. In this case as well, they say that an expansion of local processing is possible.

The cases of developing production and services not directly associated with agriculture are also instructive. For example, the "Torfol" enterprise (Poznan province) produces gardening turf from peat. Several state farms make ceramic goods. Two enterprises run lime quarries. There is plenty of opportunity to use local raw materials throughout Poland.

State farms operate 40 sawmills. Many of them do more than just produce saw timber. For example, in Ostroda and Wydmin they produce furniture, wood panels and beehives. The Lupkow state farm (Krosno province) sells alder to the FRG. It turns out that wood processing may also be a profitable and much-needed operation.

The economic rationale for developing various non-agricultural production by state farms is obvious. It can contribute to state farm coffers, and also improve supply to the local markets. Besides, dispersed processing may bring about savings in transportation and facilitate the management of by-products and wastes, primarily for fodder.

For many state farms, developing local processing of raw materials and non-agricultural operations may be useful and profitable. Some of them also have valuable experience in retail trade, e.g., the Brodno state farm. However, the directors of enterprises fear that these benefits may be considerably restricted by the planned levying of income tax on non-agricultural production. Therefore, they propose keeping the current principles of taxation, considering agricultural production and processing jointly, and, in case typical non-agricultural, industrial production is started up, exempting from taxation the quotas allocated for the development of agriculture.

9761

Support, Opposition Noted for Trade Company Role in Reform

26000381b Warsaw ZYCIE GOSPODARCZE in Polish No 18, 1 May 88 p 2

[Article by Irena Dryll: "Self-Management and... Company"]

[Text] The processes currently under way or emerging in the national economy are troubling, because they may, though not necessarily should, bring about a natural

decay of self-management. If this is not perceived and skillful counteraction is not started in good time, it will happen as the saying suggests: "in full view of his good friends, the dogs devoured the hare."

At issue are self-management and the company. In accordance with the concept of the second stage of the economic reform, the organizational form of trade companies should be the basic instrument of systemic changes in the management structure of the economy, making possible a far-reaching reconstruction of it. The institution of companies enjoys interest and social support, but, at the same time, there is the apprehension in some circles about their development undermining the position of the enterprise and self-management.

The guidelines for the law on trade companies, prepared by a working group of the Commission for Reforming the Civil Law under the minister of justice chaired by Prof. Alfred Klein (see the addition to RZECZPOSPOLITA—REFORMA GOSPODARCZA No 127/1988), talks about the need "...to predetermine the forms of legal organization of participation by employees in managing the enterprises operated by companies."

In the opinion of the authors of these guidelines, this issue should be regulated by another law, and not by the law on trade companies itself. After all, the issue hinges not on the type of the company, but mainly on the form of property to which individual partners belong and on the resulting participation by individual kinds of property forms in company assets. Therefore, the work on legally "authorizing" self-management in companies should proceed concurrently with the work on the draft law on companies. This is all the more urgent, because it has recently become possible to, say, convert a state enterprise into a common stock company. The procedure of conversion is regulated by an executive order dated 29 February of this year (DZIENNIK USTAW 1988, No. 6). The conversion should be endorsed by the parent agency upon the consideration of a joint petition by the director and the employee council. In the most general terms, the opportunity to attract and procure capital is gained in this manner, but the status of a state enterprise "endowed" with a self-management body and other rights is lost.

At the last meeting of Team 10 for Self-Management and the Legal Basis for the Operation of the Economy of the Commission for the Economic Reform, it was stressed that providing such an opportunity amounts to a systemic change. It is necessary to consider immediately all eventual consequences, all the "pros" and "cons." In the opinion of Prof Jan Mujzel, this may bring about a radical change in the ratio of state enterprises and companies.

"I share the view that the development of companies as a factor boosting the economy is needed," said the professor, "but I get the impression that this process results from different motivations, of which the desire to eliminate self-management is one."

Several other discussants voiced similar apprehensions: under the slogan of companies, the bureaucracy may begin to "pry off" the enterprises from the jurisdiction of the laws on the enterprise and self-management. In this regard, it was considered what could be done in order to use the advantages of this organizational form without abandoning the concept of self-management. Prof Andrzej Wasilewski and Prof Marek Dabrowski outlined some interesting propositions (e.g., in companies where the state treasury is a partner, its interests in the board of the company could be represented by representatives of the workforce to the degree that is possible under current entitlements).

In his turn, Dr Lechoslaw Stepniak touched on the concept of comprehensive self-management: can it and should it be restricted only to state property? Chairman of the team Prof Ludwik Bar stated that such an arrangement would mean that workforces would be discriminated against depending on who owns the company enterprise. Therefore, solutions should be sought which would prevent discrimination; a way of representing the workforce in companies should be worked out. The audience shared this opinion.

The workforce, emphasized the professor, should be the subject in all sectors, and it cannot be denied the right to a certain scope of self-management, e.g. expressing its opinion, submitting petitions to the company board and, eventually, to the [agencies for] social control.

A working group nominated from among Team 10 will consider the dilemma of self-management in companies and submit its recommendations.

The issue of participation in management by the employees of trading companies was also brought up at the meeting of the Legislative Council (this was reported by M. Kowalska, "A March over Quaggy Land," ZYCIE GOSPODARCZE, No 17, 1988). Thus, there is a circle of professionals interested in this incredibly difficult topic, which is also significant for the future of self-management.

Their suggestions, e.g., with regard to companies including state-owned units, should be welcome inasmuch as they reinforce rather than weaken self-management and the enterprise. In the original concept of the reform, companies were supposed to be an expression of industriousness by enterprises themselves, without eliminating the latter. They should not be "instead of" the enterprises.

9761

Produce Prognosis Generally Optimistic, Some Shortages Noted

26000381a Warsaw ZYCIE GOSPODARCZE in Polish No 16, 17 Apr 88 p 12

[Article by (Mak): "In the Produce Market"]

[Text] We cannot complain about the supply of vegetables. If not in the shops, then in the markets you can buy carrots, parsley, celery and onions from last year's crop

in any quantity and cheaper than last year. Other vegetables are also in adequate supply, but one has to pay more for them than last year, e.g., heads of cabbage, sauerkraut, pickles and beets.

There is no shortage of potatoes, but in some cities they cost considerably more than last season. A poor harvest last year (about 36 million tons) brought about increased prices. The market price is likely to decline in the days to come. The farmers are opening up clamps, and more potatoes will go on sales. In some regions, they have begun planting new potatoes.

The market is the best price regulator, as shown by other vegetables. For example, this year there was a bumper crop of onions. This influenced the price immediately. According to the observations by the GUS [Main Statistical Administration] Department of Social Studies, it was well below last year's and, in February of this year, amounted to 50 zlotys per kilogram on the average.

Onions were the cheapest in large producer regions, e.g., in Plock and Skierniewice provinces (32 to 35 zlotys per kilogram, about 10 zlotys less than last year around that time). Onions were much higher in areas with lower production. At the same time, a kilogram fetched between 60 and 65 zlotys in Krosno, Przemysl, Gorzow and Slupsk provinces, i.e., more than a year ago, despite large harvests in the largest producing regions. The 1987 onion harvest is among the best ever. It came to 615,000 tons, whereas in 1986 526,000 tons were harvested, and in previous years, 420,000 to 460,000 tons on the average. This gave a boost to exports. One hundred and eighty thousand tons were sold to the West and to socialist countries (in 1986, 110,000 tons). "Hortex" exported the most—over 100,000 tons. Western purchasers are still requesting our onions, but the gardeners do not have any more produce that meets foreign requirements. Some of the growers will not be able to sell all the produce harvested, including lower grade onions. In accordance with the contracts signed, they will be compensated for the merchandise contracted, but not purchased. This will be the case with gardening cooperatives in the vicinity of Blonie, Skierniewice and Zakroczym. Some of the onions are sent for processing (drying and freezing), but the processing capacity is too small and still in need of expansion, in order to avoid similar problems in the future.

As is usually the case this time of year, early vegetable deliveries bring variety to the produce market. They are quite plentiful, but the prices are too high for the average consumer. They cost 30 to 50 percent more than a year ago. Gardening cooperatives have signed contracts with gardeners for 62,500 tons of the so-called accelerated vegetables (in 1987, 55,000 tons were delivered), including primarily cucumbers (21,000 tons) and tomatoes (31,000 tons). The earliest tomato deliveries come from the Kalisz area.

Prices for apples are at a record high. They are 5, and on occasion 8, times higher than a year ago at this time. This is the result of last year's disaster and extremely poor harvest. Under these circumstances, there have been no exports, whereas, until recently, it used to be a forte of our horticulture.

The work on restoring apple gardens is going ahead, despite various problems. The gardeners who have suffered the greatest losses, over 50 percent of the planted area, have been granted relief from [all] taxes. They had been given loans (1.5 billion zlotys), which, however, had not been used up before the end of the year, because nursery trees were not available in sufficient quantities, and in some cases formalities in offices dragged on. A total of 76 billion zlotys in loans will be allocated for the restoration of gardens before 1992, whereas this year the gardeners will have access to loans of over 20 billion zlotys earmarked for recultivation and purchasing nursery trees.

Decisions have been made to purchase saws, files and rootstock from abroad. Production of uprooters will be started up; heavy tractors will be allocated. Hard work is in store for the gardeners. It is expected that, once new trees have been planted, our gardens will become more modern and will supply greater quantities of the sought-after kinds of apples.

The first attempted forecasts of this year's crop of fruit are rather favorable, all reservations concerning the weather and the course of the growing season notwithstanding. Strawberries, raspberries and currants have survived the winter well. New strawberry patches have also been added. This is being done by, among others, garden owners in order to make money before the gardens which were destroyed are restored. It is said that the strawberry harvest may be no smaller than last year's bumper crop, estimated to be 300,000 tons, provided that nothing disrupts the growing season. However, there is no opportunity to improve the supply of peaches, apricots, nuts and plums, which also suffered great losses during the previous winter. Worse yet, there is no considerable interest in restoring the lost plum gardens.

9761

Reform Conference Focused on 'Ideology' of Central Control, Agricultural Role
26000374b Warsaw ZYCIE GOSPODARCZE in Polish
No 20, 15 May 88 p 11

[Article by Anna Wieczorowska: "Radicalization of the Reform"]

[Text] "Radicalization of the Economic Reform—Theoretical and Politico-Economic Prerequisites"—this was the topic of a national scientific conference in Bydgoszcz (12-13 April of this year) sponsored by the Institute for the Political Economy in Poznan and the Bydgoszcz chapter of the Polish Economic Association.

The paper by Prof. W. Wilczynski: "Radicalization of the Reform as a Condition for a Qualitative Transformation of the System of Economic Operations" was the principal one. Other papers carried on this line of reasoning, applying it specifically to various fields of economic relations. The first such field includes the operation of microfactors of efficiency and industriousness, with particular emphasis on the role of ownership relations and motivation. Related issues were discussed in the papers by Prof. A. Matysiak—"Factors Responsible for the Efficacy of the Economic Reform," Prof. W. Gawron—"Systemic Determinants of Increased Industriousness of Economic Organizations in the Development Sphere," Prof. J. Meller—"The Incentive System in the Radicalized Version of the Economic Reform," Dr. W. Jarmolowicz—"Systemic Prerequisites for Wage Reforms in an Enterprise" and Dr. W. Ziolkowski—"The Supply-Generating Function of Wages."

The other object of interest for the contributors involved the economic sectors in which the progress of systemic changes was definitely minor. This is the case with the relationship between urban and rural areas and the municipal economy. Reports by Prof. A. Czyzewski, "The Need for and Direction of Reforms in the Relationship Between Urban and Rural Areas," and by Dr. W. Frackowiak and Dr. M. Hamrol, "Local Authorities and the Needs of Regional Socioeconomic Development in the Second Stage of the Reform" covered this topical area.

The proceedings of the first and second days were summed up in a discussion, which resulted in the following conclusions.

The radicalization of the reform is not an end unto itself. It is necessitated by the imperfection of the system used to date and its inability to solve the main problems of the Polish economy. It signifies the need for a rapid, even immediate, introduction of new economic relations which will change the conditions of management, so far permeated by contradictions and inconsistencies. This entails putting into place an economic mechanism with a drastically different logic of management marked by rational actions and behavior. To this end, we must overcome the ideology of a hyperregulated economy lingering in the central economic agencies—the ideology of centralized management of enterprises at any price, aimed at bringing out conditional reflexes rather than subjective, independent actions on their part.

The instruments of the managing process should be subordinated to the criterion of maximizing surpluses, if they are to guarantee progress. This is only possible under the conditions of economic coercion. Unfortunately, determination and persistence have been lacking in this sphere on many occasions. Besides, the excessive fiscal policy tilt has not facilitated the maximization of the state budget proceeds in the long run.

The radicalization of the reform should also be expressed in the further restructuring of the economic center. However, negligible progress in this direction causes the continued operation of a blurred structure of decision-making authority and incapacitation of many economic elements. The reform of the center must render it capable of profound, self-induced institutional and functional transformations. The reform must be bolstered by an unambiguous guarantee of sovereignty for the central bank.

The needs of the moment call for undertakings intended to cure the monetary and credit system in Poland, to abandon the logic of "easy financing" by restoring the exclusive jurisdiction by the National Bank of Poland over the emission of currency.

The relations of ownership belong among the main factors of the economic reform. It is necessary to act persistently with a view to enriching the array of forms of property in existence. All [manifestations of] universalism in the relations of ownership harm the cause of the reform. However, the plurality of forms may operate efficiently only if lasting guarantees of equality among different ownership sectors are offered.

The reform of the relations of ownership should proceed along two avenues. The first one should embrace changes in the mode of government which would ensure equal participation by all citizens in utilizing the means of production. The second avenue should amount to economizing the social property. The concept of economization calls for tying the workforces closely to the assets they are using and assumes that producers belonging to an enterprise will be able to acquire property rights for [a contribution of] money.

The success of the reform hinges on, among other things, greater industriousness of economic organizations. The development operations are an important sphere in need of increased industriousness. The still progressing depreciation of fixed assets will be a factor increasingly prompting the enterprises to undertake actions in this field. Nonetheless, radicalization is needed in the systemic arrangements for the management of fixed assets and in the sphere of technical progress. Complete and continuous updating of the valuation of fixed assets should be ensured; the profit margin should be made a genuine criterion for evaluating management in this field. It is also necessary to change the guidelines for taxing the enterprises, taking into account to a greater degree the taxation on the factors of production, which should be more favorable for the accumulation of funds.

Agriculture may be the engine for development in the economy which guarantees multiplier effects. A radical reform in relations between the urban and rural areas is among the most urgent tasks. Progress hinges primarily on changes in the rules of operation for the production sectors supporting agriculture. These changes should be

scheduled early in order to use [subsequently] the objective prerequisites for applying the market mechanism to agricultural production. In this case, they will cause efficiency-oriented adjustments to the situation prevailing in the supporting sectors on the part of agricultural producers. In the field of relations between the urban and rural areas, such changes mean:

First, the discontinuation of command planning and management as the point of reference for the socialist restructuring of rural areas; the principle of surplus maximization as the basis for efficient management; development of the functional aspect of the relations of ownership.

Second, withdrawing the sanction to shift to agriculture the costs of operation by monopolistic producers of the means of production. This factor reduces the efficiency of [capital] accumulation in agriculture and restricts the funds for broadly defined consumption. The qualitatively new agricultural policy should resolutely break the existing monopolistic arrangements in producing the means of production, services and procurement. The process of monopolization [sic!] in the pre-production sphere in agriculture also should precede the creation of a flexible agricultural market.

Third, the necessity of a drop in the cost of supplying the means of production for agriculture and a relative growth of remunerations in the non-agricultural sphere. However, a change in the approach to the issue of equilibrium in the system of production and institutional support for agriculture is a precondition for that. Global financing cannot supplant a mechanism balancing supply and demand; in turn, "correct" prices which assay the effectiveness of expenditures rather than automatically sanction costs are a primary condition for setting this mechanism in motion. In the absence of such prices, the commodity and monetary relations are deprived of a natural mechanism which transforms competition in securing the funds into competition in getting results. Therefore, a qualitative turnaround in agricultural policy should consist of:

- correct identification and attribution of relatively high costs of production and low productivity of labor in agriculture,

- discontinuation of subsidizing the general economic development of our country at the cost of perpetuating or even exacerbating the excessive disparities in the development of rural areas compared to the urban ones,

- taking into account and respecting the principles of the mechanism by which individual agriculture adjusts to a given agricultural policy.

Several phenomena endangering the main thrust of systemic changes have occurred in partial solutions applied to date. The following are the most important:

- forcing the arrangements into the mold of existing branch divisions, often into that of poor practices to

date, deprived of the stable rules [of economic conduct]. An efficient economic system cannot be built by just correcting the drawbacks of the current system. The arrangements applied have repeatedly sanctioned imperfect, illogical economic relations replete with contradictions between form and substance. As a rule, the instruments affected changes in quantitative proportions in the economy: they have alternatively granted quantitative concessions and toughened the rigors. This is no way to solve qualitative problems.

- the programming of the reform is unsatisfactory. The instruments used do not allow us to reach the so-called critical mass of the reform, which would result in changing the economic relations and building a new economic mechanism, as well as creating conditions for the proper structural development of the economy. In the practice of commodity and monetary relations, respective criteria have been used without setting in motion corresponding natural economic mechanisms.

Recognizing the interdependence of changes in the wage system of the national economy and the enterprise, and of changes in the system of operation of the economy, is the basic condition for further systemic changes in the sphere of incentives. This should be expressed in a further reinforcement of the linkage between the economic and financial results (profits or income) as the source of self-financing for wages, and an increase in the level and the formation of optimal ratios and structure of wages. Specifically, the need mounts to self-finance the growth of wages from profits to be distributed (in the range of 40 to 60 percent), as well as to give up other forms of taxation in favor of taxing personal income. We should completely abandon the special regulatory arrangements, such as the surcharges for the FAZ [Professional Activization Fund] or for above-the-plan growth of remunerations, in establishing the [volume of] funds for remunerations. These funds should be tied to the economic results of the enterprise. At the same time, enterprises should be given the complete freedom in setting the wages of their employees. The state should restrict itself to regulating the minimum wage, indexing wages, taxing personal income and methods of [comparative] labor valuation, resolutely giving up the granting of quantified compensation [for the growth of prices]. The influence of the factor of the so-called social significance of certain sectors of the national economy on the incentive system should also be reduced to a minimum. In turn, it is necessary to establish linkage between employee motivation, the quality of life and the quality of labor as a source of enforcing the desirable employee attitudes. The supply-generating function of wages is the basic tool in implementing the incentives thus defined. The essence of this function lies not only in triggering the interest in higher labor productivity, but primarily in enforcing the interest in the efficiency and innovative nature of work, which would bring about a higher quality of goods and services.

The radicalization of the reform should also be expressed through a new pattern of relations between local author-

ities and enterprises operating in their region. This should amount to ending the domination of the sector-and-branch arrangements over regional ones. The transfer of a certain number of enterprises from the central level to the local authorities, envisaged by the second stage of the reform, should be accompanied by enhancing [the role of] these authorities in the system of managing the national economy. This necessitates their qualitatively new position in relation to the center and all enterprises operating in their region. The financial and systemic enhancement of the position of local authorities is recognized to be a basic condition for implementing an active socioeconomic policy aimed at initiating and promoting the development of regions and increasing the revenues they take in.

9761

**Food Provision Self-Sufficiency Still An
'Economic Necessity'**
26000374a Warsaw POLITYKA-EKSPORT-IMPORT
in Polish No 10, 21 May 88 p 19

[Article by Eugeniusz Gorzelak: "Should We Eat It or Export It?"]

[Text] Thanks to [foreign trade] licenses, many Polish producers are beginning to get involved in foreign trade. On the other hand, the cases of trade enterprises venturing into the sphere of production are less frequent. Therefore, they merit closer attention, all the more so because we have a good model deserving emulation—large Japanese trading houses, known as sogo-shosha.

A discussion on this issue is necessitated by, among other things, the often improper interpretation of the notion of self-sufficiency put forward not only by the broad segments of the populace, but also even within the quite narrow circle of scientists and political and economic functionaries. In some segments of the populace, this notion is equated with economic autarchy, which appears to be a result of underestimating the international division of labor. It is also associated with fears about the creation of a "food enclave" in the economy, the fear that too many special funds will be set up, and so on.

It must be recalled that self-sufficiency in food provision came about on the eve of the 1980s as a slogan with socio-political overtones. After the year 1980, a difficult one for agriculture (crop production dropped by 15.2 percent compared to 1979 and by 18.3 percent compared to 1978), the negative balance of foreign trade in agricultural commodities and foodstuffs amounted to about \$1.8 billion in 1981. Our country's indebtedness grew to \$25 billion in 1981. At that time, it was already more than four times greater than the value of all Polish exports to the countries of the 2nd payments area [dollar-denominated trade].

Imports of grain and fodder declined precipitously (from 9 to somewhat over 3 million tons) as a result of

sanctions applied by Western countries. Due to the fodder shortage, the farmers reduced the hog herd (23 million head in 1980) to 15.6 million in 1983, which brought about a drop in [per capita] meat consumption from 74 kilograms in 1980 to 57-58 kilograms in 1983 and 1984.

The social unrest in 1980 and 1981 implanted the hunger neurosis in the consciousness of a certain segment of the populace. The slogan of self-sufficiency in food provision put forth by political functionaries was intended to counteract this neurosis and show prospects for improvement. In 1982-1983, the "Program of Developing Agriculture and the Food Industries until 1990" was prepared and adopted by the Sejm of the PRP. Its "strategic goal is not only to achieve self-sufficiency in food provision for our country, but also to secure, as early as the late 1980s, a positive balance of foreign trade in agricultural commodities and foodstuffs and make our country again a net exporter of foodstuffs."

The program stressed that "Polish agriculture has the potential to supply an abundance of foodstuffs for nourishing the increasing number of inhabitants of our country (37.2 million in 1985 and 38.3 million in 1990).

In order to outline more clearly the basic goals of the program, let us quote one more excerpt showing the view of desirable measures at the time. "The current payments potential of our country forces us to reduce the imports of food. The sanctions by Western countries have shown that foodstuffs have become a political weapon aimed at our country's sovereignty. This is why we must, in the next few years, achieve again complete self-sufficiency in food provision in our country. CERTAINLY NOT THROUGH AUTARCHY (emphasis mine—E.G.), but by achieving an even balance of foreign trade in agricultural commodities and foodstuffs."

This socio-political slogan also became one of the main strategic economic programs for quite a few years. This was primarily the result of the poor condition of Polish economy, burdened on top of that by a large foreign debt. After all, there is a correct principle that, given good conditions and balanced foreign trade, no separate hard-currency accounts should be set up. Instead, there ought to be the freedom to use the hard currency proceeds to meet the most urgent needs of the economy. However, under our conditions it would be difficult to go along with increasing the foreign debt through the imports of foodstuffs without corresponding exports generated by agriculture. This would be a suicidal policy for the Polish economy. The slogan of self-sufficiency, born in the years of a dramatic food shortage, still is an expression of the economic necessity, and is likely to remain so until the end of the 20th century.

In the environment briefly outlined above, striving to achieve self-sufficiency in food provision amounts to trying to increase agricultural and foodstuffs exports to a

level corresponding, at a minimum, to the necessary imports of food. This was successfully done for the first time as early as 1986, and once again in 1987, or several years sooner than the above program called for. However, the problems of complete equilibrium in the foodstuffs market and of improving the structure of food consumption have not been solved yet. At issue is an increase in the consumption of more expensive, high-protein products, especially meat. Prospects in this matter are currently not the best, as the cattle and hog herds have diminished. The issue of the healthy consumption structure of food has not been resolved yet (e.g., restricting the intake of animal fat).

The slogan of self-sufficiency in food provision should not give rise to reservations, as long as it is interpreted as an effort to develop foreign trade in foodstuffs and agricultural products, rather than become autarchic. However, the question remains as to how to carry it out.

For example, the issue of primary objective arises: is it a more complete saturation of the domestic market or the maximization of agricultural and foodstuffs exports? Many factors must be considered to come up with the answer.

First, the even balance of trade in agricultural commodities and foodstuffs achieved in recent years is still unstable; the surplus is small and may turn out to be short-lived, due to the drop in agricultural production in 1987, both for crops (over 2 percent) and animal husbandry (over 4 percent), especially in the absence of any significant reserves of foodstuffs. Thus far, there are few signs that the economy is gearing up to meet the needs of agriculture in a way which could accelerate the growth of agricultural production.

Second, the share of agricultural commodities and foodstuffs in exports remains low, which is typical for autarchic economies. The underdevelopment of the food industry blocks increases in production of many branches. The problem of attractive containers has not been solved. Export specialization has not been determined.

Third, the current economic criteria do not facilitate developing a specialization. The cost of obtaining a unit of foreign currency is high, because specific costs of producing agricultural raw materials are high as a consequence of agricultural land parcellation, high numbers in the workforce, dispersed production, etc.

Fourth, access to attractive foreign markets is difficult due to overproduction in the EEC countries and in the USA. Besides, a downward trend in agricultural commodities and food prices in the world market is highly likely.

These are not all the factors, by any means. For example, it is hard to predict the outcome of the second stage of the reform in the Polish economy, as well as the rate of growth in producing agricultural raw materials and in the supply in food. Likewise, the future growth rate of the demand for food, especially the more expensive varieties, is unknown, though it is known that food ranks first in the hierarchy of human needs. In this instance, we may refer to a survey carried out by the GUS [Main Statistical Administration] for the SGPiS [Main School of Planning and Statistics] in October 1986. It suggests that all main groups of the Polish populace look for an improvement in their standard of living primarily through changing the structure of their food consumption, which consists of increasing the consumption of more expensive items, containing more animal protein (meat, milk and dairy products) and vitamins (vegetables and fruit).

This poses certain goals for the strategy of self-sufficiency in food: improved nutrition through enriching the market and establishing a complete market equilibrium.

It is obvious that choosing an adequate development strategy is very difficult. However, we may attempt to formulate a proposal. Namely, I believe that the rate of growth of agricultural and food exports may and should be considerably higher than the rate of growth of agricultural production. This proposal is based primarily on the potential for increasing the exports of crops and broadening the assortment of animal products, as well as making the geographical reorientation [of trade] more profound than has been the case thus far. There are considerable untapped reserves in crop production. I mean, for example, seedlings and seeds, brewery grade barley, malt, herbs, ground cover, as well as many fruits and vegetables and their derivatives. As far as the animal products are concerned, the already established export specialization (ham and canned shoulder) can be expanded to the varieties of meat which can easily find their way to the foreign consumer, while not being in great demand in our country. The above proposal can be implemented, provided that agricultural production increases by about 2 percent a year, which is, perhaps, within the realm of possibilities.

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